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## Sweden's Quiet Quest: Nuclear Arms Option

### Buried Reactor, Dormant 2 Decades, Could Be Started Up on Short Notice

By Steve Coll  
*Washington Post Service*

STOCKHOLM — In the Stockholm suburb of Agesta, a small rock hollow rises amid pine forests and horse farms. It might be just another playground for Scandinavian climbers but for one startling feature: Protruding from the top of the mound, like a missile peaking from a silo, is the conical tip of a nuclear reactor cooling tower.

Thirty years ago, this 65-megawatt reactor buried 45 meters (150 feet) deep and capable of sizable plutonium production was a key component of a vigorous Swedish program to develop a nuclear bomb option, a project that at its Cold War height secretly employed 350 scientists and technicians at the Defense Ministry.

Now international nuclear inspectors are discovering that some key elements of that Swedish bomb project have been quietly preserved for the more than 25 years since Sweden pledged to be a nonnuclear state.

For two decades, Sweden has maintained its underground Agesta reactor in a condition that would permit start-up on relatively short notice, probably within several months, Swedish and other officials said.

Until this fall, Sweden did not formally disclose this fact to the International Atomic Energy Agency, which monitors compliance with the Nuclear Nonproliferation Treaty, the 1970 treaty to limit the spread of nuclear weapons, which Sweden signed. It finally did so in September as part of a voluntary, confidential experiment to help broaden and strengthen the atomic energy agency's safeguards.

Moreover, Sweden continues to maintain at its National Defense Research Establishment a small team of theoretical physicists who research nuclear weapons technology, according to the program's director, Tor Larsson. Besides current research on such topics as the theoretical performance of a nuclear bomb and the effects of nuclear explosions on a conventional military battlefield, these Swedish defense scientists possess an archive of preliminary design and technical data on nuclear

weapons, the legacy of Sweden's Cold War-era bomb project.

Swedish officials deny that any of this constitutes an effort to hold a nuclear weapons option in reserve. The nuclear weapons research is for defensive safety and counterterrorism purposes only, they say, and the quiet maintenance of the Agesta reactor was done for technical and safety reasons, not because of defense policy.

Building a nuclear weapon "is not an option for Sweden," said Deputy Defense Minister Peter Lagerblad. "We have no will to do it."

He added, "It's out of the question." Yet, some Western analysts remain skeptical of these explanations, not because they believe Sweden intends to build a nuclear bomb any time in the foreseeable future, but because its quiet preservation of Agesta, its archive of past weapons research and its continuing research at the Defense Ministry seem to provide evidence of a plan to maintain indefinitely the key technical components of a nuclear weapons option.

"In another country, a buried reactor like that would be seen as a serious proliferation problem," said an official familiar with the Swedish program.

The Swedish case is an example of an emerging nuclear proliferation issue. It concerns what specialists call "virtual weaponization" programs by sophisticated, industrialized countries.

Such programs involve research into key elements of a nuclear weapons capability as a hedge against an uncertain future or for defensive purposes — research that is often permissible by the letter, if not necessarily the spirit, of the Nuclear Nonproliferation Treaty.

Japan, Germany, Italy, Switzerland, Canada, South Korea and Taiwan are all believed by Western analysts to have conducted at least some secret nuclear weapons research as a hedge during the Cold War period. Some may be continuing aspects of that work without necessarily violating their treaty obligations.

By its recent decision to volunteer for the experimental atomic energy agency

See SWEDEN, Page 4



French UN peacekeepers standing guard Friday at Sarajevo airport in front of the building where United Nations officials were meeting with representatives of Bosnia's warring parties in an attempt to reach a cease-fire agreement.

## U.S. Gives Up on Forcing Out OECD Chief

By Alan Friedman  
*International Herald Tribune*

PARIS — A privately negotiated deal between France and Canada has forced the United States to abandon its campaign to replace Jean-Claude Paye immediately as head of the economic think-tank of the world's richest industrial nations.

The deal was approved last week by President Bill Clinton during a meeting with Prime Minister Jean Chretien of Canada. U.S. officials said Friday. It would allow Mr. Paye, 59, whose tenure ended Sept. 30, to stay on as secretary-general of the Organization for Economic Cooperation and Development until June 1996.

Mr. Paye, a former French Foreign Ministry official whose removal has been sought by the United States for the last six months, would then be replaced for a full five-year term by Donald Johnston, a for-

mer Canadian politician who had been Washington's first choice to run the Paris-based institute.

The deal to keep Mr. Paye angered diplomats from several of the 25 member-nations of the OECD, and it could still be blocked on Monday, when OECD delegations heads hold an informal meeting in Paris. Approval of a new OECD chief needs to be unanimous.

Among those governments said by diplomats to be most upset over the deal were Japan and some Nordic members of the organization.

A Japanese diplomat in Paris said Friday that final instructions from Tokyo had not yet arrived, but that "in principle we are against it because it is a very strange deal and we are really wondering if this is the best way to revitalize the OECD."

He added that Japan had cooperated

"until now" with the United States, which has argued that Mr. Paye needs to be replaced in order to reinvigorate the Paris-based group. Critics of the OECD have said that under Mr. Paye's leadership, the organization has been slow-moving and overly bureaucratic when governments need more timely international economic policy analysis.

France enjoys influence by virtue of its nationals running such institutions as the International Monetary Fund and European Commission. But it was not immediately clear what concrete benefits — beyond prestige — the government of Prime Minister Edouard Balladur hopes to gain by having Mr. Paye at the helm of the OECD for 18 more months. Still, diplomats from several nations said that France had conducted an unrelenting campaign on his

See OECD, Page 4

## As Norway Nears Vote on EU, Opponents Appear to Have the Edge

By William E. Schmidt  
*New York Times Service*

BERGEN, Norway — The meeting was billed as a discussion on whether Norway should join the European Union, but judging from the number of "no" buttons pinned to sweaters, most of those crowded into the tiny hall in rural Os this week had already made up their minds.

They listened politely while Ranveig Froyland, a pro-European member of Norway's Parliament, told

them that their jobs and their children's future would be better off inside Europe than out.

But when Hallvard Bakke, a former government side who opposes EU membership, declared that Norway should never surrender its authority or its sovereignty to unelected bureaucrats in Brussels, the audience of farmers and retirees burst into enthusiastic applause.

"Oslo is already far enough away," said Kristin Hjertaker, a columnist for the local paper in Os, a farming village of 13,000 people on the far southern

outskirts of Bergen. "So people say, Brussels is out of the question."

On Monday, the question of whether Norway will make its future inside or outside the European Union will be decided here by voters. Norway's Nordic neighbors, Sweden and Finland, have already decided to join, in ballots taken earlier this fall.

But public-opinion surveys suggest that Norwegians remain more skeptical than their Scandinavian brethren. The beneficiaries of Europe's largest oil and gas reserves and richest fishery stocks, many Norwe-

gians do not see the advantage of closer economic and political cooperation with the rest of the continent.

"We have aluminum, we have hydroelectric power, we have fish, we have oil, and we have jobs," declared Johan Kjaergard, 73, a retired passing out anti-EU literature in Bergen's central square. "We can stay alone and still be friends to everybody."

The most recent series of public-opinion polls this week give the anti-EU faction about 47 percent of the

See EUROPE, Page 4



NEW WORLD — East Timorese students embracing each other Friday as they arrived in Portugal, where they were given asylum after staging a sit-in at the U.S. Embassy in Indonesia to demand a guerrilla leader's release.

### Kiosk

#### EU Will End Ban On Arms to Syria

BRUSSELS (Reuters) — European Union foreign ministers will lift an eight-year-old embargo on sales of arms to Syria on Monday, an EU diplomat said Friday. The decision is to be made when ministers from the 12-nation bloc meet a Syrian government delegation after a regular EU session.

The ban was imposed in 1986 after allegations of Syrian involvement in a thwarted attempt to smuggle explosives onto an El Al airliner.

#### Sony's Morita Resigns

Akio Morita, 73, who co-founded Sony Corp. in 1946 and turned it into one of the world's most innovative electronics companies, resigned as chairman on Friday because of health problems, the company announced. He will remain as honorary chairman, the company said. (Page 9)

## Republicans Seek to Scuttle Accord With North Korea

By Steven Greenhouse  
*New York Times Service*

WASHINGTON — Asserting that President Bill Clinton gave away far too much in the deal to halt North Korea's nuclear program, Republican leaders in Congress say they will seek to overturn the agreement by denying funds to carry it out.

Republican lawmakers said in interviews this past week that they were upset that \$4 billion in international aid was promised to North Korea even though Pyongyang is not expected to permit inspections of several of its nuclear sites for five years.

The aid is intended to help North Korea construct light-water nuclear reactors, which give up less plutonium for use in building nuclear weapons than North Korea's graphite reactors.

Japan and South Korea are expected to put up more than four-fifths of the \$4 billion to build the new reactors, while the United States is expected to spend tens of millions of dollars to provide North Korea

with heavy oil until the reactors are built.

Senator Frank H. Murkowski, an Alaska Republican in line to become the chairman of the Senate subcommittee on East Asian affairs, said he would seek to block the United States from buying that oil for North Korea.

"I don't support the administration's concessions, which I find totally unacceptable," Mr. Murkowski said. "We have given away the store. I don't know what we've gotten in return other than promises."

While Japan and South Korea are putting up the bulk of the aid, some supporters of the agreement are concerned that it would become more difficult for those nations to do so politically if Congress were to bar the U.S. administration from contributing its share.

Both the Clinton administration and South Korea have criticized the Republicans' plan to derail the agreement.

"Any change of the accord would lead to uncontrollable instability on the Korean peninsula," said Rep. James T. Wren, a Georgia Democrat.

See NUCLEAR, Page 4

### Dow Jones

### Trib Index

Up	Up
33.64	0.04%
3708.27	111.02
<b>DM</b>	<b>7.5602</b>
<b>Pound</b>	<b>1.563</b>
<b>Ven</b>	<b>98.776</b>
<b>FF</b>	<b>5.3541</b>
<b>U.S. Mkt.</b>	<b>5.3405</b>

### Newsstand Prices

Andorra	9.00 FF	Luxembourg	60 L
Austria	1.400 CFA	Netherlands	12.50
Cameron	1.400 CFA	Oman	8.00 Rials
Egypt	... E.P. 5000	Reunion	11.20 FF
France	9.00 FF	Saudi Arabia	9.00 R
Gabon	940 CFA	Senegal	500 CFA
Greece	300 Dr	Spain	200 PTAS
Italy	2,000 Lira	Tunisia	1,000 Din
Ivoir Coast	1.120 CFA	Turkey	T.L. 35,000
Jordan	1.400 CFA	U.A.E.	8.50 Dhs
Lebanon	U.S. \$1.50	U.S. Mkt.	EUR./\$1.10

## A Few Questions Await Washington's New Republican Job Seekers

By Serge F. Kovaleski  
*Washington Post Service*

WASHINGTON — Nothing about the application initially fazed Rodney Gertz. As he filled out the form prepared by a conservative foundation that helps seekers of public-policy jobs, the 23-year-old Ivy League graduate and staunch Republican figured he was perfect for an entry-level position in the new Congress.

Then he reached Page 3. A questionnaire covering 152 issues sought his views on, among other things, Alexander I. Solzhenitsyn, the Russian dissident and novelist; Rush Limbaugh, the conservative talk-show host; and Pope John Paul II. What were his feelings about the anti-abortion group Operation Rescue? What were his reactions in such statements as "Liberals are more

compassionate toward the plight of the poor" or "AIDS is more of a civil-rights issue than a public-health matter" or "Busing of schoolchildren to achieve racial balance is wrong?"

"It certainly seems to be a full-scale political litmus test," Mr. Gertz, who works for a Pennsylvania financial institution, said earlier this week in describing the questionnaire designed by the Leadership Institute, one of several being used by conservative job banks.

But he added, "I don't mind putting it all out there because that's what I am."

Conservative job-bank officials contend that questionnaires are not political tests or a way to weed out ideological undesirables, but a tool for matching applicants with what lawmakers are looking for.

But an aide to Representative Steven Gunderson, Republican of Wisconsin, who has a longtime male partner, said the congressman met with the incoming House speaker, Newt Gingrich of Georgia, last week to object to the use of a questionnaire by the House Republican Study Committee.

The study committee, a 21-year-old research office financed by contributions from 130 Republican representatives, has been using a questionnaire for 13 years. It covers 36 topics, including homosexuality in the military, abortion, voluntary prayer in schools, the American Civil Liberties Union and Jesse Helms of North Carolina, who will be the new chairman of the Senate Foreign Relations Committee.

Job seekers are also asked to describe their "ideology" as conservative, moderate or liberal.

"Certainly this is not the kind of thing that would fly in the private sector, and such an ideological litmus test has no place in terms of hiring practices, at least in Steve Gunderson's office," said the congressman's spokesman, Kevin Kennedy. He said Mr. Gingrich had indicated to Mr. Gunderson that he would act to See LITMUS, Page 4

## NATO Warns Of Air Strikes After Serbs Shell Bihać

### Warplanes Sent by Allies To Seek Out Artillery Are Fired On by Missiles

By William Drozdiak  
*Washington Post Service*

ZAGREB, Croatia — As Serbian forces penetrated deeper inside the Bosnian Muslim enclave of Bihać, NATO warplanes took to the skies Friday, brandishing the threat of another major air strike in a frantic effort to prevent the rebel Serbs from capturing the haven that now harbors close to 200,000 civilians.

NATO planes were ordered to conduct their third air strike in five days against Serbian targets late Friday after Serbian troops lobbed more shells into civilian areas inside the Bihać pocket. But after flying over the area nearly an hour and dropping some errant anti-aircraft fire, the planes could not find their targets and returned to their bases in Italy, United Nations officials said. (Indecision is criticalized, Page 4)

The latest Western military action was ordered after UN officials worked feverishly throughout the day trying to broker a cease-fire in Bihać that would then be extended throughout the Bosnian theater.

The Serbs are demanding that the mostly Muslim soldiers within the Bihać safe area be removed and the zone completely demilitarized before they consent to a general cease-fire in Bosnia, which has been endorsed now by Bosnia's prime minister, Haris Silajdzic.

But in the absence of a firm deal, the Serbs appeared determined to intensify the military pressure on Bosnian government forces by intruding more deeply inside the UN-designated safe zone. Despite repeated warnings from the international community, the Serbs showed no signs of respecting the largest of the six ethnic sanctuaries that are designed to shield Bosnian civilians from being slaughtered.

The Bosnian Serbs appeared to have seized all of the strategic high ground in the Bihać pocket after surrounding it with the help of fellow Serbs in adjacent Croatia. "They are attacking by all means and from all sides and we are resisting

## In Money Laundering, a More Complex Cycle

By Alan Cowell  
New York Times Service

ROME — The shipment of cocaine left Colombia for West Africa, but that was not its true destination. From there, some went to Ethiopia and on to Europe, along the smugglers' trails once used for cigarettes or marijuana. Some went to Asia. Some trickled to a blossoming new market of drug abusers in South Africa.

Then came the reverse route, the skillful manipulation of dirty street money through former Soviet republics, offshore banks and major stock exchanges, until it emerged as legitimate cash for the buying and selling of a hotel in Bogotá.

As outlined Thursday by officials in Naples at a major United Nations conference on organized crime, it is not just the growers, smugglers and assassins who make the worldwide drug trade a scourge, but a new breed of skilled money managers, lawyers and other professionals in the pay of the mob.

Devising ever more complex ways of laundering money, they handle some \$750 billion every year.

"What's changing is the organizational complexity," said Ernesto Savona, professor of criminology at the University of Trento, in northern Italy. "You have more and more professional adversaries. The two main trends of organized crime are professionalism and complexity."

Linked to that are increasing worries that financial conveniences like offshore banking and banking secrecy, long the cherished preserves of private enterprises, have been put to highly effective use by the mob.

"If banking secrecy were lifted, it would be much more difficult for organized crime to hide the source of its money," said Pino Aricchio, a leading Italian expert on the Mafia.

Giorgio Giacomelli, head of the UN International Drug Control Program in Vienna, referring to banks that operate outside traditional banking laws, added: "Offshore banks are not illegal in themselves. They serve a purpose. In an economy that's more and more global, they provide a way of moving money around quickly and efficiently. But the danger is

obvious: this is also used to launder money."

When the conference of 138 delegates closed Thursday, its final resolution urged UN members to "strengthen and enhance wherever possible" their efforts to combat organized crime syndicates, and called the spread of international crime operations a "threat to the internal security and stability of sovereign states."

The delegates also urged stronger action against money laundering, which some experts see as a possible key to striking mobsters where it hurts most, in their wallets.

The alarms sounded in Naples reflect concerns that as crime has flourished, much else has changed.

By long tradition, banking secrecy and numbered accounts were associated primarily with such financial bastions as Zurich, Vienna and Luxembourg, and the money came mainly from the drug trade.

But, UN officials say, as these banking centers slowly yield a few secrets to narcotics investigators, a whole new array of less reputable banks is springing

up across the former Soviet Union, in part because of the collapse of communism's controls on people and borders.

"In Russia, dozens of new banks and financial institutions are created, even with a very small capital of \$100,000," Mr. Giacomelli said. "The transition from a controlled to a free-market economy opens so many possibilities for criminal transactions."

Investigators are also hampered by international conventions that enable them to bypass banking secrecy only in the case of narcotics inquiries. Otherwise, in some countries it is an offense for a bank official to disclose details of accounts.

The world's increasingly coordinated and sophisticated crime syndicates, by contrast, now deal in everything from human organs for transplant to nuclear materials; with their money laundered, they put their investments into legal business. Only a few years back, said Mr. Savona, Neapolitan gangsters bought the casino at Menton, on the French Riviera, used it to launder money and invested the proceeds in real estate.

## Optimistic On Budget, Berlusconi Holds On

Reuters

ROME — Prime Minister Silvio Berlusconi, weakened by a corruption investigation but determined to stay in office, rejected again on Friday opposition calls for his resignation, as aides talked optimistically of a budget deal with trade unions that could help him survive the political turmoil.

"I can guarantee you that as far as the prime minister is concerned, I have a firm desire to carry on," Mr. Berlusconi said.

He said that a cabinet review

scheduled for Tuesday should

concentrate on establishing

whether there was enough con-

sensus in the government's

program to remain in power.

"We will look at everything we have pledged to do and will set dates for when we plan to do it by," Mr. Berlusconi said shortly before talks with President Oscar Luigi Scalfaro, their first since the prime minister was told on Tuesday that he was under investigation.

Mr. Berlusconi subsequently

described the 90-minute meet-

ing with Mr. Scalfaro as a rou-

tine consultation and, without a

mention of the inquiry against him, appealed for calm.

"I think we must all try to

lower the temperature," he said.

Mr. Berlusconi had earlier re-

peated that he would step down if his coalition, in office six months, failed to pledge its sup-

port for him and his program.

"There will be an immediate

decision to quit if it were to

become clear that the governing

majority cannot hold," cannot

give the country what it needs," he said.

Magistrates are expected to

question Mr. Berlusconi over

the weekend. He is the first

serving prime minister to come

under investigation in Italy's al-

most three years of graft scan-

dals.

The prime minister and

union leaders have agreed to

meet Wednesday amid signs

that they are close to an agree-

ment to decouple pension re-

form from the budget.

"It looks probable, let's say

between probable and possi-

ble," said a spokesman for Mr. Berlusconi, Jas Grawski. "If I had to bet, I would say it is

more than 50 percent."

Plans to cut spending on pen-

sions and health have provoked

mass protests in recent weeks.

Unions plan an eight-hour

general strike against the bud-

get on Dec. 2. Success at the

meeting could avert the strike

and smooth the budget's pas-

sage through the upper house of

Parliament, where the govern-

ment is short of an absolute

majority.

## WORLD BRIEFS

### 2 Parties Form Coalition in Austria

VIENNA (Reuters) — Austria's Social Democratic and conservative parties announced the formation of a coalition government on Friday nearly seven weeks after suffering their worst results in a general election since 1945.

The Social Democratic Party and the Austrian People's Party agreed to make big cuts in public spending commitments in what would amount to one of the most radical reform programs in years. Trade union leaders, acknowledging the need for savings, have said they would fight the government if it went too far.

### Prosecutors Clear Owner of Harrods

LONDON (Reuters) — Mohamed al Fayed, the owner of Harrods department stores, has been cleared of suspicions that he tried to blackmail the government, Britain's Crown Prosecution Service said Friday.

The office said there was no evidence that a criminal offense had been committed by Mr. Fayed when a person claiming to be his intermediary met Prime Minister John Major in September and threatened to reveal damaging facts about the behavior of government ministers.

Mr. Fayed reacted to the announcement by saying he had been totally vindicated of unfair and untrue allegations. "I trust that the prime minister will take the earliest opportunity to set the record straight," he said.

### 5 Are Killed in Pretoria Taxi Battle

PRETORIA (AP) — Rival drivers fired assault rifles and threw gasoline bombs into minibus taxis Friday at a gathering place for commuters, killing five people and incinerating seven vehicles, the police said.

The violence at the Hammanskraal taxi shelter north of Pretoria was linked to an ongoing battle for dominance between rival gangs in the taxi industry serving South Africa's black workers.

### Chechen Opposition Launches Attack

MOSCOW (AP) — Helicopter gunships raided government positions Friday on the outskirts of Grozny, the capital of the breakaway Russian region of Chechnya, and opposition fighters said they had blocked all major access to the capital.

The Chechen government's military headquarters said three people had been killed and eight wounded in the raid on what they described as civilian targets. In addition, Grozny's airport was seriously damaged, said the report carried by the Interfax news agency.

Chechen officials also said the helicopters that took part in the attack had Russian markings. A Russian Defense Ministry spokesman told Interfax he could not confirm "the fact of Russian military participation" in the violence.

### For the Record

A French commercial court on Friday delayed a ruling that could spell bankruptcy for Bernard Tapie, the embattled business tycoon and politician. The five judges are to rule on the financial health of what remains of Mr. Tapie's industrial empire. (Reuters)

Two people were killed and more than 200 injured in a fire at a rock concert in the Polish port city of Gdansk, the police said Friday.

A Congolese airliner carrying 70 passengers made an emergency landing in Brazzaville, the nation's capital, after it was unable to lower its wheels, state television said. All passengers and crew escaped unharmed in Thursday's incident. (Reuters)

## TRAVEL UPDATE

### Bundesrat Backs Longer Shop Hours

BONN (Reuters) — The upper house of Parliament approved a draft law Friday that would allow small shops to stay open after 6:30 P.M. on weekdays, provided they are staffed only by members of the owner's family.

The bill, which passed the Bundesrat and now will be submitted to the lower house, or Bundestag, would provide a modest liberalization of the law under which shops must close at 6:30 P.M. on all weekdays except Thursday and at midday on three Saturdays out of four. Sunday shopping is prohibited.

It was introduced by the city-state of Berlin, which said its aim was to accommodate East Germans who commute long distances.

Prospects for the survival Berlin's Tempelhof airport dimmed Friday after Lufthansa said it planned to discontinue flights there next year. (Reuters)

Ireland has published new rules on drunken driving that cut the legally acceptable amount of alcohol in a driver's blood to 80 milligrams from 100 milligrams. (Reuters)



A Palestinian boy joining his father at Friday prayers at the Palestine mosque, a Hamas stronghold, in Gaza.

## 10 Die as Arafat Allies Battle Foes in Lebanon

The Associated Press

SIDON, Lebanon — Yasser Arafat's loyalists dislodged dissidents from most of Lebanon's largest refugee district in street battles on Friday that left 10 people dead and 14 wounded.

At least three-quarters of the shantytown of Ain el Helweh on the outskirts of Sidon, a port in south Lebanon, was overrun by Mr. Arafat's forces during seven hours of combat, the police said.

They described the hostilities as the worst in Lebanon's refugee districts since Mr. Arafat's Palestine Liberation Organization concluded a self-rule accord with Israel on Sept. 13, 1993.

The refugee districts were long Mr. Arafat's main Middle East power base until his forces were routed by Israel when it invaded Lebanon in 1982. His guerrillas slipped back in the mid-1980s, but they never mustered their pre-invasion strength.

The hostilities pitted Mr. Arafat's mainstream Fatah faction, headed by its military intelligence chief, Lieutenant Colonel Kamil Medhat, and dissidents led by a former Fatah militia commander, Lieutenant Colonel Munir Makhdah.

Fundamentalists of Islamic Jihad and Hamas, Mr. Arafat's main foes, supported

the forces of Colonel Makhdah, who broke away from El Fatah to protest the peace accord.

The police and Lebanese military sources said Mr. Arafat's 500 loyalists had captured 40 Makhdah supporters and trapped more than 100 others in the northen tip of the refugee district.

The police said 10 combatants were killed and 12 were wounded.

The Lebanese Army, which controls Sidon, made no move to enter the area.

Instead, troops blocked the district's six entrances, allowing only casualties to be taken out and only journalists to go in.

## Horst Schulmann, Bundesbank Member, Dies at 61

New York Times Service

BONN — Horst Schulmann, 61, a monetary expert and a member of the powerful policy-making central bank council of the German Bundesbank, died Thursday in a Frankfurt hospital.

He had been undergoing treatment for lung cancer for the last year.

Mr. Schulmann was deputy managing director and later managing director of the Institute of International Finance in Washington from 1970 to 1975, and later on the staff of the Executive Commission of the European Community, now the European Union, in Brussels.

After 1977, he moved to Bonn to advise Chancellor Helmut Schmidt on economic, fi-

nancial and social policy. He played a key role in developing the European currency system decided on by European Community leaders in December of 1978 that created the European Currency Unit, the ECU, as the forerunner of a single European currency.

Mr. Schulmann was born in Frankfurt and educated there and in Saarbrücken, where he received his doctorate in economics in 1964.

Charles Baskerville, 98, a songwriter of military men, royalty and celebrities, whose subjects included Jawaharlal Nehru, Bernard Baruch, the Duchess of Windsor, Cornelius Vanderbilt Whitney, Richard

Rodgers, Helen Hayes and the King of Nepal, died of a heart attack Sunday in New York.

Milton J. Shapp, 82, former Democratic governor of Pennsylvania and a Philadelphia industrialist who in 1976 became the first Jew to mount a campaign for the presidency from a major party, died of Alzheimer's disease Thursday in Wynnewood, Pennsylvania.

Tommy Boyce, 55, a songwriter for the rock group The Monkees and Jay Jay and the Americans in the 1960s, died of a self-inflicted gunshot wound Wednesday in Nashville, Tennessee, after leaving suicide notes, the police said.

Publication of the household's accounts following in line with a parliamentary committee's proposal.

The committee called two months ago for greater "public visibility" of how £20 million (\$30 million) in tax money, a fraction of the total expenditure on the royal family, is spent.

Strikes threatened to damage Iberia's image and could add to this year's losses, already expected to reach 44 billion pesetas (\$30 million).

"It all depends on negotiations not breaking down for good over the weekend," an airline spokesman said. "They could start talking again at any moment."

The major unions, already enraged by management's insistence that all workers must

sacrifice 15 percent of their pay, joined forces Friday to plan their next move.

"We wrote to management on Wednesday night offering to sit down and talk, but

# THE AMERICAS / SANCTIONING DEATH

## POLITICAL NOTES

### Tip-of-the-Iceberg Congressional Perk

WASHINGTON — One of the hottest issues on Capitol Hill these days is ice. Specifically, the ice delivered to members at taxpayers' expense in plastic buckets by 9 o'clock each morning.

Republicans taking control of Congress promise an end to the symbol of congressional perks and practices that continue with no apparent justification.

Representative Jim Nussle of Iowa, the head of the House Republicans' transition team, says he has been trying without success to find out why the ice is routinely delivered to the offices of lawmakers and congressional committees. Even as he spoke, the ice sat in congressional corridors Thursday, melting unnoticed outside offices locked shut for the Thanksgiving holiday.

William F. Raines Jr., a spokesman for the architect of the Capitol, who supervises the icemen, said: "The delivery of ice is nothing new. It's been going on for many years. It was originally intended for official functions. It could well be that this has gotten out of hand."

A captain who supervises congressional relations for the navy said the ice "just shows up unsolicited" at his suite in the Rayburn House Office Building. "It's very, very punctual ice," he said. (NYT)

### Hillary Clinton's Firm Quits Washington

WASHINGTON — Life in the capital has not been kind to the Rose Law Firm, which once seemed poised to make such a big splash here. This month, the firm where Hillary Rodham Clinton once practised is folding its Washington office and sending its lone attorney home to Little Rock, Arkansas.

The closing of Rose's year-old office here, reported in this week's National Journal, was driven mostly by economics. said a Rose managing partner, Ronald Clark. "Most of our services continued to be for our Arkansas and regional clients, and we could serve them better from down here" in Arkansas, he said.

On top of that, Mr. Clark said, the firm's Washington representative, Allen Bird, "just wanted to come home." (WP)

### State Health Reforms Face Amputation

WASHINGTON — A number of ambitious state health reforms that rely on new taxes or mandatory payments by employers face postponement or cancellation following Republican gains in state legislatures.

Although federal health reform efforts collapsed in September, Oregon, Washington, Massachusetts and Minnesota all have laws on the books aimed at achieving health coverage for all residents within several years. The first three would rely on contributions from employers to reach the goal, and Minnesota would require unspecified new state taxes. (WP)

### Quote/Unquote

Senator Alan K. Simpson of Wyoming, a staunch conservative, who is being challenged for the job of Republican Senate whip on the grounds that he is not conservative enough: "We don't have time to fight among ourselves to see who's pure and who's not pure. We have work to do. The whip job is not about ideology. It's about unity and cooperation." (NYT)

## Next for the Oregon Suicide Law: Hows, Whens, Whys

By Timothy Egan  
New York Times Service

LAKE OSWEGO, Oregon — Early next month, Oregon will become the only place in the world where it will be legal for doctors to help patients end their lives. With that come many questions: the hows, whens and whys of state-sanctioned suicide.

Edged into law by a bare majority of Oregon voters on Nov. 8, the decriminalization of assisted suicide is a triumph for groups that have been trying for years to wrest life-and-death decisions away from the state and the medical profession.

But it has caused a moral shudder from the Pacific shore to the Vatican, where the hierarchy of the Roman Catholic Church has strongly condemned the vote as a day of mourning for all humanity.

In the view of the Catholic Church,

Oregon's approval of a measure that would allow doctors to prescribe — but not administer — a lethal dose of drugs for terminally ill patients is a half step from euthanasia. According to the official Vatican newspaper, L'Osservatore Romano, it will transform doctors from healers to "notaries of death."

Beyond the moral questions, Oregon doctors, pharmacists and other health care professionals are trying to figure out exactly how to apply a law that has no precedent. In the Netherlands, assisted suicide is against the law, but lawmakers passed guidelines last year that allow doctors to escape punishment for "mercy killings." They must show, among other things, that the patient suffered intolerable pain and repeatedly asked to die. In most American states, assisted suicide is a felony, as was the case in Oregon.

The new Oregon law will leave it up to individual doctors, whose professional oath requires them to do nothing that would cause a patient harm, to decide whether to comply with someone's request to die. The request must be in writing, and the patient must be judged to have less than six months to live — the legal definition for terminal illness under the act.

"It bothers me," said Dr. Martin Skinner, a general internist in suburban Portland, who said he had mixed feelings about the act, known as Measure 16. "I don't know how to deal with it. I can conceive of myself being in a position to make such a decision, but I honestly don't know what I would do."

Breaking with the national office of the American Medical Association, which opposed the assisted suicide measure, Oregon doctors decided to

remain neutral. After heated debate, the Oregon Medical Association found no consensus among its members.

Dr. Skinner, who was chairman of a medical study group on the issue, said many doctors were also troubled by the definition of "terminally ill." Often, when patients are given six months to live, they stay alive longer. Assisting them in suicide could hasten the end of a life that might have found additional meaning and time — and even a miracle cure, Dr. Skinner said.

By some accounts, the law will change very little. Oregon officials say they could find no record in Oregon of anyone who had actually been prosecuted for assisting in a suicide. What used to be under the table will now simply be legal, affecting only a small number of people, the argument goes.

"My hope and desire is that a year from now we will look at this and say it

was just a big ho-hum," said Barbara Combs Lee, one of three people who drafted the measure. "All we did was legalize that which had been covert."

There are no estimates on how many people may decide to ask for a suicide prescription, but medical experts say the number is likely to be no more than 2 percent of the terminally ill. That figure is based on studies in the Netherlands and interviews with patients facing death.

Still, people here do not know what to expect. Oregon and Hawaii are the only states that guarantee health care for all citizens. Now Oregon has staked itself on the frontier of death as well.

"Once we were the 'bottle bill state,' known for our clean public beaches and forward-looking land-use laws," The Oregonian newspaper wrote shortly after the election. "Now, we are the suicide state."

## Pentagon Plans to Use Reservists to Ease Strain on Regulars

By Eric Schmitt  
New York Times Service

WASHINGTON — Aiming to reduce the strain on active-duty troops, Defense Secretary William J. Perry has approved a plan to use reservists in many peacekeeping roles now performed by regular forces.

Recent operations in Haiti, Rwanda, Cuba and the Gulf have exposed cracks in the combat readiness of America's 1.6-million-member military.

With the armed forces shrinking and military commitments likely to remain high, the Defense Department is scrambling to avoid a crisis.

Pentagon officials are proposing that many of the 1 million members of the National Guard and reserves of the various services spend their annual training time performing real operations, including peacekeeping missions overseas, rather than drilling at home.

Proponents of the plan say the reservists would receive valuable experience while relieving overworked regulars.

In January, for instance, the army will send a battalion of 430 reservists and 110 active-duty soldiers for a six-month rotation in a multinational observer force in Sinai. It will be the first time since the army began sending troops to Sinai in the early 1980s that it will send reservists.

Major General Donald W. Shepperd, head of the Air National Guard, said the guard was examining how to train its ground-based air controllers to serve aboard AWACS radar planes to make up for severe crew shortages. He said in a telephone interview that the guard could also increase its

missions in Europe and in Bosnia.

In perhaps the most ambitious plan, reserve combat brigades could be rotated a month at a time through overseas assignments, like Kuwait, replacing some of the active-duty troops now serving there.

"The question is can we make smarter use of the \$10 billion we're going to spend on reserve training every year anyway," said Deborah R. Lee, assistant

secretary of defense for reserve affairs. "We want to get more bang for our buck."

Many details still need to be worked out, but the outlines have the blessing of Mr. Perry, the Joint Chiefs of Staff and several influential lawmakers.

Pentagon officials say that there might be additional transportation costs to send reservists overseas but that the benefit to regular forces would greatly outweigh any added expense.

But some critics say the plan's ambition may be its undoing.

"It's a reasonable idea until you start looking at the practical implementation of it," said Martin Binkin, a military personnel expert at the Brookings Institution, a policy research organization in Washington. "As you increase the amount of time the reservists have to spend away from home, it's going to hurt retention."

## Brazil Suspends Oil Exports As Strike Cripples Production

The Associated Press

RIO DE JANEIRO — Brazil has suspended exports of gasoline and other petroleum products in reaction to a nationwide oil strike that has crippled production and refining.

The nationwide walkout, which began Tuesday night, has reduced production to a quarter of the usual output and shut four refineries, according to the press office of the state oil monopoly Petrobras.

Newspapers reported that the company is scrambling to make up for production losses with imports. Carlos Ney, manager of Petrobras's import division, refused to comment.

Petroleum output has dropped to 180,000 barrels a day, down from a daily average of 751,000, a company spokeswoman said. Refining figures were not available, but she said the strike had paralyzed four refineries.

Brazil's 10 oil refineries process about 1.2 million barrels of petroleum a day. Domestic crude accounts for about 725,000 barrels a day and the rest is imported, mostly from the Middle East.

Brazil exports 150,000 barrels of gasoline, ship fuel and other petroleum products daily to the United States, Africa and other Latin nations.

## Away From Politics

• Uranium leaking from an old experimental reactor at the Oak Ridge National Laboratory in Tennessee has lodged in a pipe outside the reactor building, raising fears of an accidental nuclear chain reaction. Energy Department officials said they had not decided what to do with the 4.4 pounds (2 kilograms) of bomb-grade uranium, which may still be accumulating.

• A California appeals court has upheld the use of DNA evidence, the same type as issue in O. J. Simpson's murder trial. The ruling does not directly affect the Simpson trial, but could be considered by Superior Court Judge Lance A. Ito when he decides on the admissibility of DNA evidence for that trial.

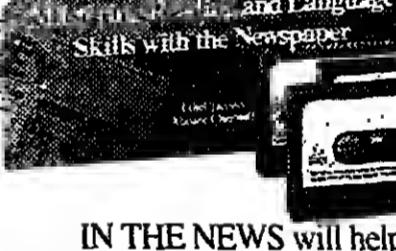
• A North Carolina neurosurgeon's license was suspended after an investigation revealed that he left a patient's brain exposed for 25 minutes while he had lunch.

• A 90-year-old man bitten to the bone during an attack by an HIV-positive woman has tested positive for the AIDS virus. Authorities in Florida say he may be the first person to contract the disease through a bite.

• From 1,100 to 1,200 Bell Atlantic Corp. workers in Pennsylvania were suspended without pay for Thanksgiving Day for wearing T-shirts that depicted them as "road kill" on the information superhighway. The workers are angered by the company's decisions to reduce its work force and to rely on lower-paid workers to install much of the technology for the company's future "full-service network" that would deliver video and phone services.

NYT, AP, WP

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## AMERICAN TOPICS

### Doctors With Manners Are Sued Less Often

Doctors who want to avoid malpractice lawsuits should brush up on their bedside manner, new studies suggest.

Physicians are more likely to be sued if their patients feel the doctors are rude, rushing the visits or not answering their questions, according to a study published in the current *Journal of the American Medical Association*. The study was conducted by doctors from Vanderbilt University in Nashville, Tennessee.

"A doctor can't get away with being a technical whiz and an impersonal jerk," said Dr. Sidney Wolfe, a consumer advocate with the Public Citizen Health Research Group. He did not participate in the study.

Dr. Wolfe stressed that pleasant behavior was no substitute for technical proficiency: "People deserve and should get both."

Patients were asked how long they had to wait before seeing the doctor, how much

time they spent with the doctor, whether the doctor treated them with respect and whether the doctor listened to their concerns and questions.

The doctors who had been sued the most rated the worst on almost all the questions. But physicians who had never been sued were most likely to be seen by their patients as concerned, accessible and willing to communicate.

#### Short Takes

Terri Tucker of Jackson, Mississippi, was hoping for a brother for her two daughters when she was pregnant with twins three years ago. The twins turned out to be girls. Last week, Ms. Tucker, 33, had triplets — all girls. She and her husband, Carlos Smit, now have seven daughters. The eldest is 10. Dr. Jim Martin, professor of obstetrics at the University of Mississippi School of Medicine, said for one woman to have twins and then triplets is especially unusual since Ms. Tucker was not taking fertility drugs and has no relatives who had multiple births.

She and her husband have no plans to try again for a son. "I'd just be too afraid to

*International Herald Tribune*

### LITMUS: A Few Questions Await Washington's Republican Job Seekers

*Continued from Page 1*  
eliminate the questionnaire. But a spokesman for the study committee said he was not aware of any such action by Mr. Gingrich. The questionnaire — which is attached to the applicant's résumé and passed on to lawmakers who make personnel requests — is still being used, the spokesman said. At least 27 freshman House Republicans have been using the study committee's services to fill staff positions.

"It would be nuts for a congressman who believes we have to build a strategic missile defense to not be able to find out that a prospective employee favors unilateral disarmament," said Morton C. Black-

well, president of the Leadership Institute, which has received about 1,700 résumés and phone inquiries for public-policy jobs since the election. He said that although his group was conservative, it was not partisan.

Officials with the Democratic National Committee and the House Democratic Study Group say they do not use questionnaires, just basic applications, when helping individuals find jobs in Congress, in the White House or on political campaigns.

The Republican Study Committee, the Leadership Institute and the Heritage Foundation each are logging 100 to 200

résumés a day, in the wake of Republican election gains. Most of them are from young applicants, though there are some experienced persons seeking new or more senior jobs.

In addition, the House Republican transition team has established a personnel committee to develop an applicant pool for committee, administrative and leadership posts and a job bank is being set up by the Republican National Committee.

"The majority of the people coming here feel that there is a conservative revolution going on, like in the Reagan years, and they want to be part of it," said Ed Buckham, executive director of the Republican Study Committee.

### SWEDES: Some Key Elements of Bomb Project Have Been Preserved

*Continued from Page 1*  
program, and because of the extent and ambiguity of its past and present nuclear weapons research, Sweden is opening a window on the depths of the virtual weaponization problem.

At the same time, the post-Cold War declassification of Swedish government documents and the growing willingness of Swedish defense scientists to talk openly about their nuclear weapons work are steadily lifting the lid on a bomb project, whose full extent and rationale remain little publicized and poorly understood.

Although Sweden has recently taken several steps to open its nuclear past, the government has yet to embrace a policy of total transparency. Some documents about the nuclear weapons program remain classified; the program never has been formally scrutinized by international inspectors, and the preserved condition of the Agesta reactor has not been disclosed publicly until now.

Swedish defense scientists said the country was holding onto some remnants of its nuclear weapons program today for the same reason it was begun in the first place: The work is seen as necessary to preserve Swedish independence and neutrality.

Mr. Larsson, program manager of the Defense Ministry's nuclear weapons-related research, said that if Sweden knew nothing about a nuclear weapons physics, then if any nuclear terrorist case occurred they would "be obliged to go to Brussels or London or Washington, D.C., or Paris to ask for their guidance."

He added: "This is not something we would want to do as a neutral state. As long as we profess to stand on our own feet, I think we can afford to have a handful of people to work on and understand these problems."

Yet, the issue remains uncomfortable for a generation of Swedish politicians

who championed nuclear disarmament in the postwar period while secretly conducting nuclear weapons research and collaborating closely with NATO on contingency plans for a European war. Swedish defense scientists also engaged in secret exchanges with American nuclear weapons scientists.

The Swedish government has never explicitly acknowledged that it sought to acquire nuclear bomb capability. In 1985, a Swedish technical journal revealed some details of the weapons program and suggested the project was designed as late as the 1970s to keep open an offensive nuclear weapons option — that is, the capability to make and deploy tactical or strategic weapons.

A government commission later attacked some of the technical journal's findings, although it acknowledged that the weapons program had existed. The government asserted that its nuclear weapons research had been solely defensive, meaning it studied the threat of nuclear explosions to conventional forces and civilians.

But recently declassified documents made clear that Sweden — a country of 8 million people with a long tradition of neutrality and vigorous defense spending — did seek to develop an offensive nuclear weapons option until at least the 1960s and that the buried Agesta reactor south of Stockholm was a key element of that program.

Olaf Palme, the longtime prime minister who often irritated Western governments with his campaign against nuclear weapons, was the secretary of a secret 1958 committee that decided that research on a Swedish nuclear weapons option should continue, setting the stage for the program's most vigorous phase in the 1960s, according to a history of the program recently prepared by Jan Prawitz, a visiting scholar at the Swedish Institute of International Affairs and a longtime participant in the weapons research.

In 1985, when the technical journal's revelations were published, Mr. Palme said in an interview that he was ordering a thorough government investigation because "maybe, sometime" the Swedish military "has done research that went out of bounds."

In the interview, the closest Mr. Palme came to admitting his own role was an acknowledgment that although he once considered nuclear weapons a viable option, "I became more moral as the years went on."

The underground Agesta reactor has been shut since 1974. It has been preserved with regular maintenance visits since then, and some mechanical sections of the reactor have been used for decontamination experiments since the formal deactivation. Swedish nuclear regulators said:

"I don't think 'mothballed' is the right word," said Lars Hogberg, director general of the Swedish Nuclear Power Inspectorate. "It was just left for future full decommissioning. The main reason for that is that we realized we had to develop sophisticated decommissioning and waste handling."

Yet, this explanation is not fully consistent with the history of Sweden's nuclear decommissioning program. Another, much smaller underground research reactor of similar design to Agesta was fully dismantled after deactivation in the mid-1980s.

The pressurized, heavy-water-moderated, natural uranium-fed reactor at Agesta is of a design comparable to that which produced the plutonium for the U.S. nuclear bomb dropped on Nagasaki in 1945. Constructed as a prototype, at peak operations it could produce enough plutonium-239, a key bomb ingredient, for one or two nuclear weapons a year, according to Mr. Prawitz.

### EUROPE: Opponents Appear to Have Edge as Norway Nears Vote on EU

*Continued from Page 1*  
vote, and the pro-EU faction about 41 percent. About one in nine voters are still undecided.

As in Finland and Sweden, the heart of the opposition comes from voters in rural village and small coastal communities, who fear that Brussels will make Norway roll back subsidies to farmers and open its rich fishing grounds to the rest of Europe. Among Norway's 4.3 million people, more than half are scattered in smaller communities outside the larger cities.

But the gap between the two sides in the election has been closing. With many previously undecided voters switching to "yes" after the Swedes narrowly voted Nov. 13 to join Europe, Prime Minister Gro Harlem Brundtland, a determined advocate of European union, predicted this week that Norway would follow suit.

Advocates of European union are stepping up their campaign, warning Norwegians that they will suffer if they decide to stay outside the union, which will open

borders between member states and abolish barriers to the movement of goods and people.

"When the Japanese and the Americans make a decision about where to put a new European industrial facility, they are not going to put it in Norway if Norway stays out of the union," said Tund Birkeland, a member of Mrs. Brundtland's Labor Party, in an address to retirees in Bergen. "The greatest changes will not come from joining Europe, but by staying out."

If Norway decides not to join the European Union, advocates like Miss Birkeland point out, Norway will take its place along-side Switzerland, Liechtenstein and Iceland, as the only West European nations remaining outside the community.

That possibility has inspired a popular joke making the rounds here these days: How many European nations are there likely to be at the turn of the century? The answer: Eight. The European Union, Norway and the six republics of Yugoslavia.

Diplomats in Oslo say Norway's rejec-

### NUCLEAR: Republicans Want to Block Korean Pact

*Continued from Page 1*

rance to join hands with Europe underscores a doggedly independent streak among Norwegians, who have turned down the community before; they rejected membership in a national referendum in 1972.

Whi Norway was celebrated earlier this year as the gracious host of the Winter Olympics and for helping to negotiate peace between Israel and the Palestine Liberation Organization, it has also been the target of bitter criticism for its refusal to abandon international whaling.

"When people say we are turning our back on Europe, what do they mean?" demanded Vegard Velle, 23, a student who is against the European Union. "I think the 49 percent of the French who last year voted against the EU treaty would be inspired by us."

But Louis Nagel, 76, a retiree in Bergen, said he had no doubt that he would vote "yes" when he was young, we had soldiers on all the borders of Europe," he said. "Now we have a chance to open them up forever."

is enormous dissatisfaction with the policy," said Hank Brown, a Colorado Republican on the Senate Foreign Relations Committee.

"I think you'll see Congress reluctant to go along with the deal package."

Senator Charles S. Robb, Democrat of Virginia, who currently heads the Asia subcommittee, will hold a hearing Monday at which administration officials are expected to defend the agreement.

Clinton aides acknowledge that because Congress was not in session for most of October they have not done enough to brief the Republicans on the accord. Still, they argue that the agreement was the best that could be reached at the time, and that failure to reach an agreement raised the possibility

of a war on the Korean Peninsula.

"The North Koreans so far have been very faithful in implementing this," a State Department official said. "It behooves us to fulfill our end of the bargaining, too."

Administration officials contend that the Republicans are wrong in saying that all that North Korea made was empty promises. They say Pyongyang has made good on its promise not to reprocess spent fuel rods.

**Heavy Flood Damage in Iran**  
*Reuters*  
NICOSIA — Floods caused by several days of heavy rain have damaged 10,000 buildings in 19 cities and more than 700 villages in western Iran.

### Prince Rainier Has Operation

*Reuters*  
PARIS — Prince Rainier of Monaco underwent heart bypass surgery on Friday, the palace announced.

There was no immediate statement on his condition after the operation, and none were expected until Saturday, a palace spokeswoman said.

The surgery was performed on Prince Rainier, 71, at Monaco's Center for Heart and Thoracic Medicine. The decision to operate was made a few days ago by Dr. Jean-Joseph Pastor.

A bypass operation is usually carried out when the small blood vessels serving the heart muscle become blocked due to age and disease and are surgically replaced with healthy vessels grafted from another part of the body, like the leg.

## 2 Liberals Seek Senate Democratic Leadership

By Adam Clymer  
*New York Times Service*

WASHINGTON — When Senate Democrats pick a new leader next week, they will be guessing at which of two relatively young, fairly liberal supporters of President Bill Clinton can best make the party's case in an era that seems devoted not to youth, not to liberalism and not to the president.

Neither of the two, Thomas A. Daschle, a second-termer from South Dakota, and Christopher J. Dodd, a third-termer from Connecticut, has staked out any clear philosophical differences from the other.

The liberal Americans for Democratic Action gave each of them a 75 percent rating in 1993. This year, the American Conservative Union says, Mr. Daschle voted right 4 percent of the time and Mr. Dodd never.

Mr. Dodd, who did not enter the race for minority leader until after the election, is campaigning publicly. He has been ready with a riposte to Senator Jesse Helms or any other Republican with his head out of a foxhole, trying to demonstrate how he would handle combat with the new Senate majority.

Mr. Dodd cites his six years of service in the minority the last time the Republicans controlled the Senate, from 1981 to 1987, as evidence that he could "fight effectively where that is called for and cooperate effectively where that is called for."

Mr. Daschle has campaigned for the leadership post by the more traditional route, courting Senate Democrats privately. Although only four years younger than his 50-year-old rival, he speaks of his youth, along with his Western roots, as reason to choose him.

And, making a virtue of relative obscurity, he said in an interview that it

He said he thought he had a good chance of winning. "I understand the difference between a compliment and a commitment," he said.

Discussing Mr. Daschle's difficulty in nailing down support, some Senate aides said the post for which he had earlier won promises of backing was that of majority leader.

When the Republicans gained Senate control, these aides said, he encountered a problem in translating those earlier promises into backing for the minority leadership, which frequently demands greater skills at combat with the opposing party.

Mr. Daschle's support tends to come from junior senators, Mr. Dodd's from the veterans.

But supporters on both sides acknowledge that they lack measures to gauge which of the two would do a better job of protecting Democratic interests in an uncertain political era.

Each of the leadership candidates is an earnest backer of the particular economic interests of his state. Mr. Daschle supports grain farming, Mr. Dodd submarine construction and the insurance industry.

Where insurance was a leading topic in this year's debate on health care, farm subsidies may come to the fore in the coming session as Republicans try to cut spending.

It is an issue on which the Republican

leader, Senator Bob Dole of Kansas, might feel less besieged if a Democrat from a farm state, like his, headed the minority.

Both senators were critical of filibusters, saying that under their leadership, Democrats would use them less than Republicans did in 1994.

Mr. Daschle called the filibuster "one of the most abused parliamentary tools of the Senate," although he said it was not in favor of abolishing it entirely.

And while Mr. Dodd warned against undermining "the unique pillars of the Senate" and said the protection of the minority was essential, he also said that if filibusters kept up at the current rate, the Senate would "continue to have a totally irresponsible behavior, and there will be a growing sentiment to change fundamentally the institution of the Senate."

Mr. Daschle said he should be chosen because he would be able to unify the often divided Democratic caucus and help the Democrats build in the Midwest and the West. He has a reputation as an able associate of the departing Democratic leader, George J. Mitchell of Maine, who is retiring from the Senate, and as a deeply committed advocate of health-care legislation.

Mr. Dodd spoke more in terms of dealing with the Republicans. He cited his ability to pick up their votes on issues like child care and family medical leave.

### NATO Chief Criticizes Indecision

*Compiled by Our Staff From Dispatches*

BRUSSELS — The NATO secretary-general, Willy Claes, criticized on Friday for being slow to back an American plan aimed at ending the siege of the Bosnian enclave of Bihać.

"They should have perhaps been able to push further," Mr. Claes said after an emergency meeting of the 16 NATO ambassadors ended Thursday in indecision over such questions as who should provide ground forces to monitor and enforce an American "stabilization plan."

The prime minister of the Muslim-led Bosnian government, Haris Silajdzic, also complained about the lack of decisive action by the North Atlantic Treaty Organization.

"NATO has more than enough clearances to act immediately," he said. "Only political will is in question. We are asking ourselves if maybe the safe area in Bihać is being sacrificed because of disunity."

The United States had proposed expanding the 80-square-kilometer (32-square-mile) safe area around Bihać and setting a deadline for rebel forces to leave.

Mr. Claes acknowledged that elements of the U.S. plan needed clarification.

NATO, meanwhile, was continuing to work on contingency plans for the evacuation of United Nations peacekeepers from Bosnia-Herzegovina if the situation there worsens.

Sources said military planners estimated that three to six divisions, or 20,000 to 40,000 troops, would be needed.

"Such a substantial force clearly would require that countries that do not contribute ground troops to the Bosnian conflict join an evacuation force," said a NATO source, who asked not to be named.

The United States, which has no troops in Bosnia, would be expected to provide a large share of this force.

(AP, Reuters)





# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## An Assault on the Poor

The welfare reform proposal drafted by House Republicans would violate good sense by turning America's welfare programs over to the states. It would violate common decency by victimizing millions of children, including legal immigrants. It would even violate the reasonable notion that government should help needy Americans willing to work.

What the House Republicans have in mind is not reform but a grotesque assault on the poor for the sake of honoring their ideological war on government. Its punitive measures go way beyond what conservative Democrats and Republicans can let alone President Bill Clinton, who has recently proposed.

The draft's overriding theme is that welfare spending should be largely controlled by states. This is exactly wrong. States may be the right places to locate many programs that Washington now runs, but welfare is not one of them. States have a huge financial incentive to skimp on benefits — to drive poor residents out and persuade the poor from other states never to enter. Note that states eviscerated welfare benefits during the 1970s and 1980s while Washington kept federal benefits whole.

The draft would tear holes in the social safety net that has been built in stages, with strong bipartisan support, since the Depression. Food stamps and cash benefits are federal entitlements for every eligible family. House Republicans would rip up this sacred contract, putting an annual limit on federal expenditures. The change would be profound: come a recession, when the number of families qualifying for food stamps and welfare rises, Washington would not spend an extra dime.

Private charities might pick up the slack. States might spend their own money — although few will rush to raise taxes during recessions. More probably, the need will go unmet. A long-term female worker who loses her job during a recession will be put on a waiting list for welfare — although she paid taxes for years. Federal welfare was started during

the Depression to save children no matter where they lived. The need remains.

The Republicans plan to cut federal spending on welfare, food, housing and nutrition by about \$60 billion over four years. The biggest reduction is aimed at legal immigrants, who would become ineligible. Even Proposition 187, passed in California this month, did not go after legal immigrants, who work and pay taxes like everyone else.

There has been a huge increase in the number of elderly immigrants on welfare. But that problem could be solved humanely, as Mr. Clinton proposes, by extending the period during which an immigrant's sponsor would be financially responsible.

The Republicans say their aim is to allow people to climb out of poverty by no longer providing a perpetual meal ticket. But they have no compunction about sawing off the ladder. They omit requirements that states provide education and training. They allow states to cut off welfare after two years — and require a cutoff after five years — to mothers who are working at public jobs but cannot find private sector jobs. Mr. Clinton would continue subsidized work as long as necessary.

The draft proposal would also cut off children born out of wedlock and children whose paternity had not been legally established — even if the mother had supplied the name. Newt Gingrich, the next speaker, glibly assumes that people thus excluded will find refuge in private charities or public orphanages.

But if Mr. Gingrich is wrong, consider the outcomes: a 30-year-old mother gets laid off but is permanently ineligible for welfare because she exhausted her two-year limit as a teenager; a young mother and child go hungry because the state bureaucracy dawdles in establishing paternity. The Center on Budget and Policy Priorities, a think tank that studies poverty programs, estimates that the proposal would knock 3 million children — about half the current caseload — off welfare. That is not reform. That is carnage.

— THE NEW YORK TIMES.

## Voting the Death Penalty

Every year for the last 18 years, the New York State legislature has passed a death penalty bill, and every year it has been vetoed by a Democratic governor. But the situation changed dramatically on election day this month. Republican Governor-elect George Pataki believes in capital punishment, campaigned for its restoration and has pledged to sign a bill as soon as the legislature can get it to his desk. In Iowa and Wisconsin, where death penalty supporters were re-elected as governors, a shift in the legislatures may give them the votes they need to change state law. Capital punishment is now authorized in 37 U.S. states. Within a few months that number could go to 40.

Death penalty proponents also gained strength in Congress. It is hard to imagine why that is needed in Washington, for the crime bill passed this year already creates dozens of new federal death penalties. Nevertheless, the new Republican majority in the House has already served notice that procedural changes will be introduced to make it easier to execute those convicted. The habeas corpus proceeding, for example, by which state prisoners seek review in federal court, could be tightened so that a petitioner would have less time to file an appeal and the state court's procedures could

be accorded a presumption of fairness.

Even some of the election winners realize that capital punishment is not the solution to the very real problem of violent crime. Mr. Pataki conceded as much and promised to "have a more comprehensive approach to the criminal justice system" for the legislature's consideration. But it is more than a symbol to more than 2,800 people on death row in the country, some of whom were convicted in perfidious trials with inadequate legal representation and some of whom may actually be innocent. Several prisoners sentenced to death have been released in recent years after being exonerated by DNA evidence unavailable when they were tried.

Death penalty proponents are feeling their strength today, but their victory is not inevitable. Lawmakers in New York, who could vote to put criminals to death with the knowledge that the governor would never let it happen, now know that their vote is not a theoretical exercise. Members of Congress may be convinced that having made the penalty broadly available, they need not expedite its use. And voters can still be persuaded, as they were in the District of Columbia, that what sounds like a great idea in the abstract is terrible in its application.

— THE NEW YORK TIMES.

## Fatter Teenagers, Too

Americans continue to grow fatter and fatter at rates that are truly alarming.

Last July, the National Center for Health Statistics reported that 33 percent of American adults were estimated to be overweight. That was a sharp rise from the already high levels of 24 to 25 percent of all adults recorded as overweight in surveys between 1960 and 1980. "Overweight" means about 20 percent or more above a person's desirable weight on standard weight tables.

Now comes evidence that American youngsters are rapidly fattening up, too. The Center for Health Statistics reported last week that 21 percent of youngsters 12 to 19 years old — one in every five teenagers — were overweight, by the same definition as used for adults. That was also a sharp jump — from 15 percent of all teenagers in a survey in the late 1970s.

These increases are so large that one is inclined to hope they are methodological errors. Alas, the center's experts do not think so. Their best guess is that the weight is due to some combination of excess calories and reduced physical activity.

Fatty foods, too much television, a sedentary lifestyle that favors computer games over active sports, a host of labor-

saving devices all take their toll. No doubt a decline in smoking, highly desirable on health grounds, exacerbates the problem.

The danger is obvious. Obesity increases the incidence of cardiovascular disease, diabetes, hypertension, stroke and some forms of cancer, to cite just some of the illnesses it causes. The cure is equally obvious for many if not most overweight Americans. Eat less, exercise more. Everyone knows that. All too few do it.

— THE NEW YORK TIMES.

### Other Comment

#### An Urgent, Nasty Mission

[Rwandan] refugees will not return unless there is security within the country — and also in the camps beyond its borders. Most refugees are terrorized by armed thugs, whose power in the camps comes through the control of aid. The UN secretary-general this week proposed sending 3,000 to 5,000 peacekeepers to protect aid workers and escort refugees home. No force should undertake the job unless it is ready for a long, bloody operation.

— The Economist (London).

### International Herald Tribune

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## An Architect's Architect

By Roderick Conway Morris  
*International Herald Tribune*

**M**ANTUA, Italy — It has been the occupational hazard of the architect through the ages not to live long enough to see a life's work reach completion, but Leon Battista Alberti (1404-1472) was especially unfortunate in this respect.

The author of "De re aedificatoria," the architectural treatise that became the bible of architects for more than 300 years, Alberti did more than any other Renaissance artist to rationalize the theory and practice of building and to revive classical architecture, yet hardly any of his inspirational designs came to fruition during his lifetime.

Consequently, this immensely influential figure has been doomed to a kind of limbo: a constant presence for art and architecture historians, it remains an elusive, shadowy figure for the wider public. In an attempt to remedy this, "Leon Battista Alberti" is being staged at Palazzo Te (until Dec. 11) in Mantua, where Alberti's largest extant work, the church of Sant'Andrea, was begun shortly after his death. The show is illuminatingly illustrated both by newly constructed wooden models and three-dimensional computer simulations that re-create his existing buildings as Alberti conceived them, stripping away the numerous later modifications and accretions.

**A**LBERTI was the illegitimate son of a Florentine living in exile in Genoa. His father's peregrinations in search of business opportunities took the family to Venice, giving the boy the chance to study at Italy's leading universities nearby. Though he finally graduated from Bologna in law, he also studied Greek, math, physics and optics at Padua.

When the Florentine ban on the Alberti clan was lifted in 1428, Leon Battista was able to see his "native" city for the first time. Brunelleschi's amazing cathedral dome was then under construction, and seeing it and Florence's other artistic riches had a profound effect on him. Initially, however, he followed a literary and ecclesiastic career. In his late 20s Alberti took up residence in Rome, and with his financial independence guaranteed by lucrative church posts, he was free to devote himself to research and scholarship.

One of the fascinating aspects of Alberti's life is the constant interplay and cross-fertilization between his scientific and artistic interests. By the time he was 30 he had written a magisterial description of Rome and its monuments, having surveyed the city with a camera obscura and a geodetic device of his own invention. There followed a Latin treatise on painting, "De pictura," in which he more or less laid the foundations for all subsequent art theory. The year after, he published the work in Tuscan (the dialect that formed the basis of Italian) and became a champion of the use of the vernacular as a literary and scientific language.

For 20 years immersed in his studies and frequently traveling from Italian court to court as an artistic adviser, it was not until he completed his monumental architectural treatise that he turned his attention to designing buildings.

"The 16th-century art historian Vasari was a bit smug about Alberti," said Professor Joseph Rykwert, whose Edinburgh-based Alberti Group did much of the research for the show, "saying he was a better writer than artist, better with the pen than the brush. But, in reality, there is no doubt that Alberti was a considerable artist, an accomplished painter and knew all the necessary techniques, such as how to cast bronze."

Equally, added Rykwert, the view that Alberti remained more a theorist than a practitioner is

contradicted by the evidence. "All the letters we have prove that he did go on site and was a very practical man, and in that sense very much an architect. We can actually show now, because we've done computerized surveys, the dimensional precision with which he worked. If he was designing a building for Florence he would do the measurements in Florentine braccia because that is what the craftsmen used there, whereas for Mantua he used Mantuan feet."

"He was also very interested in harmonizing the dimensions used in different cities. And, in fact, one of the things he proposes in his survey of Roma is a standard measure based on the circumference of the Earth, which is indeed — the meter."

**W**HEN, then, was hardly a single one of Alberti's buildings finished during his 20 years of activity in the field? Part of the difficulty was that Alberti came to architecture relatively late, but also, said Rykwert, because his patrons had financial problems. The exception was the Florentine magnate Giovanni Rucellai, who commissioned Alberti to design a palazzo, a sepulcher and the facade for Santa Maria Novella.

The sepulcher was the only thing actually finished in Alberti's lifetime and was, we think, more or less as he wanted it. It is a fascinating object because Giovanni Rucellai sent masons to Jerusalem to take measurements of the Holy Sepulcher, so the tomb is a kind of half-sized model of the original one.

Even then, the setting of the sepulcher was radically altered subsequently: Alberti had placed it in an open-sided loggia so that it would be visible from the main body of the church, but the opening was later bricked up, boxing the tomb in. A computer simulation of the intended arrangement, which allows one to see the tomb from a distance and then walk around it, convincingly reveals how much more dramatic the presentation of this exquisitely elegant and proportioned structure must once have been.

Rykwert and his team also use models and vivid computer visuals to re-create Mantua's Sant'Andrea as it might have been, suggesting that the church's poor internal light is the result of changes in Alberti's original plans, which included large windows in the domes of the side chapels and in the walls above them.

## Is China Losing Its Past?



Silver and gold inlaid roundel from China in 4th or 3rd century B.C. fetched \$850,000.

*International Herald Tribune*

**P**ARIS — Something funny seems to be going on in China. In the last four years, the flow of antiquities handled by "clandestine" diggers who sell them to the Hong Kong art trade has not just continued to be torrential as it has been since the early 1980s. It now increasingly affects works of art of a rarity and

**SOUREN MELIKIAN**

splendor that one expects to come out of the most important archaeological sites. Bemused Western dealers, who carefully abide by the law, are buying these openly from well-established traders. They can hardly conceal their surprise.

The first intimation that a new phase was beginning in the quarrying of buried art treasures as open loot came in 1990. In June, James C. Lally, America's premier dealer in early Chinese art, displayed in his New York gallery a small group of Tang wooden figures. The type reminded connoisseurs of the eighth-century figures of court attendants, musicians and other characters molded and painted under the glaze, with one difference. These were vastly superior as sculpture goes. There was a flowing movement to the gowns of the slender silhouettes, a subtlety in the expression of the faces that was admirable.

So surprising is their appearance that the whole group remained on sale in Hong Kong for a long time at only a fraction of the price that each one now commands.

Once Lally made the jump,

bidding got moving. Four months later, in Paris, two statuettes from the group popped up at the Biennale, on the stand of Gisèle Croës of Brussels. One, retaining a fair amount of the original polychromy, was sold. Later, a Paris dealer, Jacques Barrère, sold to the Musée Cernuschi a borse, missing part of its legs, and a groom believed to have been found with the animal. Damaged as it is, the borse is a stunning piece of animal sculpture. There was no doubt about it: a previously unknown school of Chinese sculpture covering a wide range of figural art had been discovered in the course of some commercial dig that had lost its ID — starting with the location of the find and its possible link to some royal center.

In June 1991, Deydier followed up his 1990 show with a second, larger and more impressive group of silver objects, caskets in particular. They yielded a new crop of inscriptions including historic names and dates. Objects from the same group eventually emerged here and there from New York (Lally) to Brussels (Croës).

Excepting the December 1993 and January 1994 issues of a Taiwanese journal, *The National Palace Museum Monthly of Chinese Art*, no Chinese archaeological publication appears to have got wind of the find. In the Taiwan journal, the photographic material was supplied by Deydier. The only brief mention in the Chinese media shedding any light on the subject were carried by two Beijing dailies, the *Beijing Daily* and the *People's Daily*. In early December, Deydier received from his Chinese correspondent clipings of two short paragraphs referring to the discovery of fragmentary silver boxes. The find made "by our archaeologists" had taken place along the border separating the Han province of Hebei and Inner Mongolia. There were inscriptions, including the name Wenzhong Wangfu that recurs on several of the Deydier vessels, and dates from 1022 to 1027. Another clipping was sent by the correspondent who indicated it was from a Nanjing daily. And that was it.

Deydier says that after that, the original Chinese supplier to the Hong Kong market was not heard of anymore. His guess is that the supplier emptied a vast hoard found in a partly intact

That same year, also in June, there came another revelation, far more exciting in terms of Far Eastern history. The London-based Parisian dealer Christian Deydier displayed on his premises and published in a glossy art-paper booklet a group of gold and silver objects in very unusual style. The purported provenance was the ancient Liao state in Inner Mongolia. What made several of the pieces remarkable were the inscriptions incised in Chinese characters, obviously after completion. They gave dates ranging from 1024 to 1028 and named characters known from a Chinese historical source, the Liao-Shi, or official annals of the Liao. Liao is the name of a dynasty that ruled a non-Chinese people, the Turkic Kitan, better known for their ceramics.

Deydier says that after that,

the original Chinese supplier to the Hong Kong market was not heard of anymore. His guess is that the supplier emptied a vast

hoard found in a partly intact

room overlooking the scene.

An extraordinary terrace, still missing among architects, was built on the Champs-Elysées in 1929 by Le Corbusier. The Beistegui taste for lavish fancy-dress roofs is evident in the two-story terrace: A screen of painted trees on wheels could be shifted to change the panorama and the small top terrace was completely enclosed, four walls forming a room that was open to the sky and carpeted with grass. The only furniture was two armchairs in front of a fireplace, which formed an optical illusion with the Arch of Triumph looming above the terrace wall.

Rooftop terraces were abandoned in postwar Paris and the space left as gravelled vacant lots for dumping the bulky machinery needed to run elevators, air conditioning and other modern conveniences. Trying to find new room at the top, the

city's planners never embraced his skyscraper vision of Paris, but his building techniques coincided with a fresh-air cult: playgrounds for schoolchildren and solariums for the sick, rooftop terraces were also social settings for the rich, including a bejeweled aristocrat who built a farmhouse complete with meadow, on his roof overlooking the Seine.

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# NYSE

**Friday's Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

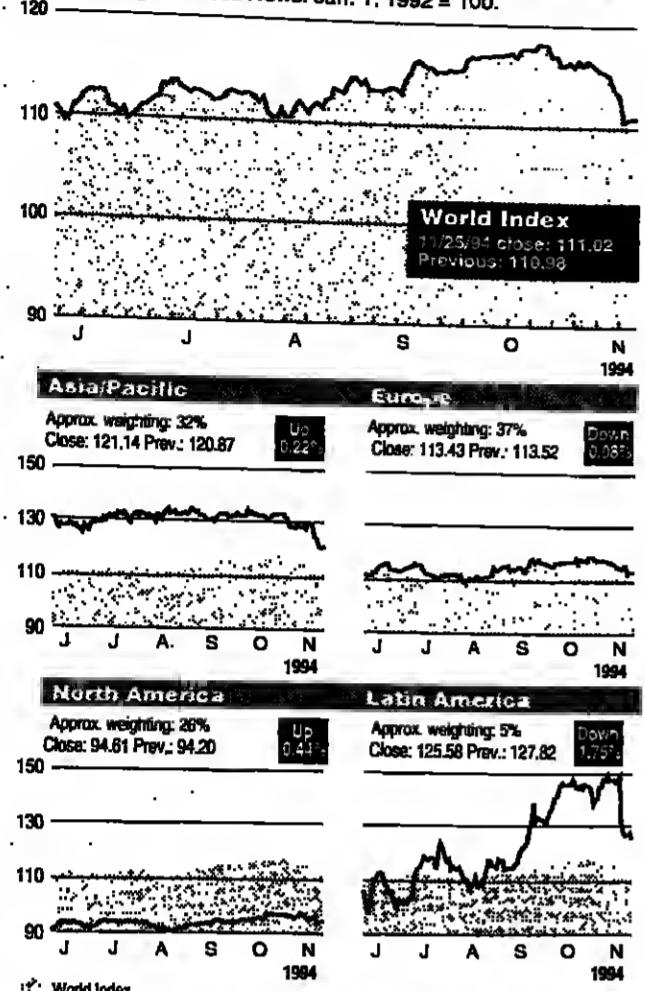
	Div	Yld	PE	12M High/Low Stock	Div	Yld	PE	12M High/Low Stock	Div	Yld	PE	12M High/Low Stock
American Home Products	1.20	4.0	15.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
AT&T	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Bell Atlantic	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Brown & Root	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Citibank	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Coca-Cola	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Eastman Kodak	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Ford Motor	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
General Mills	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
General Motors	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
IBM	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Johnson & Johnson	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Kodak	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Lever Brothers	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Merck	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
National Semiconductor	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
PepsiCo	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Philip Morris	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Procter & Gamble	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
RJR Nabisco	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Sears, Roebuck	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
United Technologies	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Walt Disney	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Westinghouse	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80
Yankee Communications	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80	0.00	0.0	0.0	100/80

	Div	Yld	PE	12M High/Low Stock		Div	Yld	PE	12M High/Low Stock		Div	Yld	PE	12M High/Low Stock
AT&T	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Bell Atlantic	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Brown & Root	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Citibank	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Coca-Cola	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Eastman Kodak	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Ford Motor	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
General Mills	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
General Motors	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
IBM	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Johnson & Johnson	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Kodak	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Lever Brothers	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Merck	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
National Semiconductor	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
PepsiCo	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Philip Morris	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Procter & Gamble	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
RJR Nabisco	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Sears, Roebuck	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
United Technologies	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Walt Disney	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Westinghouse	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80
Yankee Communications	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80

	Div	Yld	PE	12M High/Low Stock		Div	Yld	PE	12M High/Low Stock		Div	Yld	PE	12M High/Low Stock
AT&T	0.00	0.0	0.0	100/80		0.00	0.0	0.0	100/80		0.00	0.0	0.0	

**THE TRIB INDEX: 111.02**

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors		pt. chg.	Prev. close	% change	pt. chg.	Prev. close	% change	
Energy	111.88	111.91	-0.02	-0.2%	Capital Goods	111.41	111.15	+0.23
Utilities	122.43	123.91	-1.19	-1.0%	Raw Materials	120.50	128.54	-0.03
Finance	110.06	109.84	+0.20	+0.2%	Consumer Goods	102.83	102.61	+0.21
Services	112.75	112.90	-0.13	-0.1%	Miscellaneous	115.25	115.17	+0.07

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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## Merger Set by Top U.K. Thrifts

Compiled by Our Staff From Dispatches

LONDON — Two of Britain's largest home-loan lenders said Friday that they would merge to create the country's third-biggest bank.

The joining of Halifax Building Society and Leeds Permanent Building Society, with total assets of £90 billion (\$140 billion), will intensify already fierce competition in the financial services sector.

"The enlarged business will be well-positioned to compete effectively in the market for personal financial services," said Halifax's chairman, Jon Foulds.

The society will carry the Halifax name.

In Britain, building societies are owned by their depositors. The merger announced Friday is subject to approval from those depositors and from the Building Societies Commission, which regulates the industry.

The deal was criticized by politicians and labor unions. But analysts said they did not foresee serious obstacles.

The Labor Party demanded that the government look at the effect of the merger on competition in the banking sector and the industry's trade union said it could lead to job cuts.

This merger will create the third-biggest financial institution in Britain and the government must consider what effect it will have on competition and choice for the public, said the Labor Party's financial spokesman, Alistair Darling.

While the societies' depositors will not win a cash bonus from the merger, they will be given shares when the company seeks a listing on the London Stock Exchange. With about 8 million investing members, that could make Halifax the most widely held share on the British market. (Reuters, Bloomberg)

He said the chamber would be telling its members that even though water recycling and anti-pollution equipment was an added expense, "it is not a negative investment."

Mr. Bakrie is unusual among businessmen in Indonesia because he is aware of the water problem and the need to do something about it. Many business people, including foreign investors, appear so preoccupied with growth and profits that they overlook the state of basic

water and use it more efficiently.

Rapid industrialization and urbanization in the world's fourth most populous nation are putting an unsustainable demand on available supplies of water for both personal and business consumption. Several other Asian nations, including China and Thailand, face similar problems.

Environment Minister Sarwono Kusumadewa said in a recent interview that "a serious scarcity problem will arise within three to five years" in Jakarta and Surabaya — Indonesia's largest cities, where many factories are concentrated — unless action is taken to conserve water and use it more efficiently.

He said that such a shortage would cause difficulties for a number of industries that need large amounts of water, including textiles, pulp and paper, and hotels.

"If we have water shortages and rationing, it will have a serious economic impact on industry," said Aburizal Bakrie, chairman of the Indonesian Chamber of Commerce and Industry. "We have to find ways of conserving water and then creating more of it, perhaps by desalination if it's economically feasible."

natural resources on which their operations depend.

In a report to the Indonesian government this year, the World Bank cautioned that with growing congestion and pollution in its main urban centers, "it will be increasingly difficult for Indonesia to compete for foreign investment, especially in the higher-technology industries needed to enhance the productivity of the labor force."

The bank said that heavy reliance on underground water to serve industrial and domestic needs in Indonesia's big

cities could cost continue indefinitely. It added that Jakarta and other cities, such as Surabaya on the north coast of Java, were particularly vulnerable.

In those cities, the bank warned, water is being drawn from aquifers more quickly than it is being replenished, "leading to saltwater intrusion and land subsidence with attendant increases in floods and waterlogging, which in turn aggravates groundwater pollution from septic tanks."

There are not enough dams to supply Jakarta or Surabaya and nearby rivers are heavily contaminated with human and industrial waste. In the dry season, which is just ending, the water level falls and the pollution becomes worse.

Environmental specialists at the bank estimate that industries, hotels and private consumers in Jakarta are using wells and pumps to draw more than 300 million cubic meters (about 10 billion cubic feet) of underground water a year — about three times the replenishment rate of the aquifers.

As a result, seawater is seeping into the reservoirs, with the salinized area in the northern parts of the Indonesian capital expanding rapidly and now extending 15 kilometers (9 miles) from the coast.

More than 70 percent of industries in Jakarta use underground water, either because piped water supplies are inadequate or because it is substantially cheaper to do so.

Indonesia has a population of more

## What's Bothering Stocks

### Fall in Cyclical Shares Sends a Signal

By Floyd Norris  
New York Times Service

Now, cyclical issues are turning downward, reflecting worry that the Federal Reserve, which has raised short-term interest rates six times this year, will go too far. The most recent rise was last week, when the Fed pushed up short-term rates by 75 basis points, or three-quarters of a percentage point.

The plunge in prices this month, and particularly on Monday and Tuesday, has hit cyclical stocks — the issues most dependent on a strong economy — the hardest. At the same time, the bond market has suddenly gained strength.

"What the cyclical stocks are telling us is that a slowdown is imminent," said Ed Goldfarb, a strategist at Aetius Investment Management. "I think that is what broke the back of the market this week, without any real confirming economic data."

U.S. investors returned from their Thursday Thanksgiving holiday apparently less pessimistic about the economy, as stocks rose 33.6 points to 3,708.27 Friday.

A string of important economic reports next week, including data on the gross domestic product, unemployment, factory orders and leading economic indicators, might help persuade investors that the market will continue to bounce back.

"What you have seen is fear that the economy is headed into a recession," said Abby Cohen, co-chairman of the investment policy committee at Goldman, Sachs & Co. "There has been a notable rotation away from stocks whose earnings are economically sensitive."

For much of the last two years, cyclical stocks had led the market. Their strength predicated most economists' discovery that the economy was growing surprisingly quickly.

That is one reason some analysts, including Mrs. Cohen of Goldman, Sachs, saw the recent plunge in prices as a buying opportunity and suggested that investors would grow more encouraged when they saw that the economy and corporate profits would not fall by much next year.

One of the stock market's great strengths since 1988 has been the willingness of individual investors, particularly mutual-fund buyers, to view dips as buying opportunities, rather than as cause for panic. While stock fund buyers have been losing enthusiasm, so far there is no sign of a fear for the exits.

But Byron Wien, chief U.S. equity strategist for Morgan Stanley, said a change may be coming. On Monday, he recommended that portfolio managers raise their cash levels to 15 percent, from 3 percent.

He pointed to evidence that households

See STOCKS, Page 10

## Germany Names Goldman to Aid Telekom Sale

By Brandon Mitchener  
International Herald Tribune

BONN — In what is likely to be a lucrative coup, Goldman, Sachs & Co. emerged from about two dozen international investment banks as the coordinator of foreign stock sales in the privatization of Deutsche Telekom, the German government said Friday.

Goldman will serve as co-lead manager of the biggest German public offering ever, scheduled to begin in 1996, together with Deutsche Bank AG and Dresdner Bank AG, which will bear primary responsibility for the German portion of the 15 billion Deutsche mark (\$10 billion) issue.

Only a limited number of banks have the necessary experience in telecommunications privatizations, and of these Goldman has had the most experience to date," Wolfgang Bötsch, the post and telecommunications minister of Germany, said.

Goldman has been the global coordinator for recent telecommunications company privatizations in Denmark, Mexico, New Zealand and Thailand. Although there are no official regional quotas, Deutsche Telekom said about 10 percent of the offering would probably be placed in Britain.

"We want a lot of the shares to stay in Germany, but we're also interested in getting international investors because the German capital market simply isn't big enough," Mr. Bötsch said.

The first tranche of the privatization alone will be roughly as large as the stock market capitalization of Volkswagen AG, Kaufhof AG and Lufthansa AG combined. Its size will propel Telekom from stock market obscurity to membership in the DAX, Germany's 30-share blue-chip index.

Mr. Bötsch said the Telekom rights issue would strengthen the company's capital base, increase its ability to compete, liberalize the European market for telecommunications services and make an "important contribution" to the development of German financial markets.

Proceeds from the initial public offering will be used to retire debt. The German government will not profit from the actual sale of its own Telekom shares until after the year 2000.

## Sony Co-Founder Steps Down

By James Sternberg  
New York Times Service

TOKYO — Akio Morita, the brassy entrepreneur who co-founded Sony Corp. and turned it into one of the world's most innovative electronics companies, resigned as chairman Friday for health reasons, the company announced.

Mr. Morita, 73, suffered a cerebral hemorrhage last year that reportedly left him lucid but physically impaired and in a wheelchair.

During Mr. Morita's 48-year reign, Sony achieved spectacular success with its television

sets, stereo equipment, video cameras and the much-imitated Walkman tape player, a concept that revolutionized consumer electronics.

But the company also made some bad bets, including its commitment to the early 1980s to the Beta format during the early years of home video. After several years of competition, it became clear that the rival VHS format was gaining wider acceptance, and Sony took big losses on Beta.

Mr. Morita will stay on as honorary chairman, the company said. It did not announce a

successor. The president, Norio Ohga, has been running Sony in Mr. Morita's absence.

There was some speculation in Tokyo that Mr. Morita's retirement was an opening to push Mr. Ohga out as president, clearing the way for new top management after the company's debacle in Hollywood. But company officials insisted that the move had been made at Mr. Morita's insistence and bad omen.

"The timing of the announcement

is not clear.

See SONY, Page 10

## AUSTRALIAN LOTTERY

### Using This System You Get 11,088 Chances to Win a MILLION DOLLAR JACKPOT

You're GUARANTEED to Win a Share of Up to 150 Million Dollars Over the Next 12 Weeks.

Over the next 12 weeks, the AUSTRALIAN LOTTERY will be giving away up to 150 million dollars in prize money. We guarantee you'll win a share of this ... if you play our system.

What makes our system successful? The secret is simple. You play in a Group. You join 139 other players in a GROUP ENTRY PLAN... so you play together and win together.

This way you can afford more entries than you could play by yourself. Your individual prize amounts may be smaller, but you have a better chance of winning the big prizes and you win more often.

For a stake of US\$3.32 a week for 12 weeks you can have 2,250 chances to win a multi-million dollar prize, and for a stake of US\$12.42 a week you get 11,088 chances to win. One of these chances can win you one of the BIG JACKPOTS.

These BIG JACKPOT PRIZES in the AUSTRALIAN LOTTERY are never less than 2 million dollars and they can go as high as 14 million dollars...in tax-free, lump sum cash.

When your Group gets six numbers correct out of 45, you not only share in millions from the top prize but you also share in all the smaller cash prizes as well. You can win again and again during your 12 weeks of play with the same six numbers.

All you need do is choose how many CHANCES TO WIN you want to have...

Our REGULAR PLAN gives you 210 different number combinations and 2,520

CHANCES TO WIN. The DE-LUXE PLAN gives you 924 different number combinations and 11,088 CHANCES TO WIN.

In other words, you get so many chances, you're guaranteed to win something!

It's easy to join a GROUP PLAN

It's easy to join in, too. Your group's number combinations are selected for you by a specially programmed computer. Every number combination that's entered will be different - and all holders of Shares in the Group will share the winnings if you hit a MULTI-MILLION DOLLAR JACKPOT!

When you enter you'll be given an ENTRY CONFIRMATION CERTIFICATE showing the numbers your Group has been allocated and the date of your first entry. Every month you'll be sent a list of winning numbers so you can see how you're doing.

The winning numbers are announced every Saturday at 8:30 p.m. on Australian television and published in leading newspapers the following day. You can always call our HOTLINE numbers in Brisbane and London whenever you want to check the winning numbers for yourself.

Indicate which GROUP PLAN you would like to join and how many CHANCES TO WIN you want by ticking the box in the ENTRY FORM below.

The size of any one Group is limited to 140 shares, but you can have more than one share in your Group if you want to keep more of the prizemoney for yourself.

Complete and return the ENTRY FORM below as soon as you can for your best chance to share in one of the AUSTRALIAN LOTTERY MULTI-MILLION DOLLAR JACKPOT PRIZES.

This Year the AUSTRALIAN LOTTERY Will Give Away Over US\$600,000,000 in Cash Prize Money.

AUSTRALIAN LOTTERY OFFER

\$250,000 STACKS OF CASH

PRIZE

CARS

TRAVEL

FREE DOUBLE BONUS When You Enter the AUSTRALIAN LOTTERY DE-LUXE GROUP PLAN

BONUS NO. 1: FREE TICKET in an Australian Government \$250,000 "Scratch n' Win" Lottery.

BONUS NO. 2: FREE TICKET in the Australian Surf Lifesavers Draw. TOP PRIZE: \$250,000

When you enter you'll be given an ENTRY CONFIRMATION CERTIFICATE showing the numbers your Group has been allocated and the date of your first entry. Every month you'll be sent a list of winning numbers so you can see how you're doing.

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**MARKET DIARY****Dollar Advances With Wall Street**

Bloomberg Business News

**NEW YORK** — The dollar rose against other major currencies Friday, underpinned by gains in the U.S. stock and government-bond markets.

"Stocks performed quite well, and bonds were up a little bit. That lent support to the dollar," said Hugh Walsh, currency trader at ING Capital Markets in New York.

But with stocks having fallen so far earlier in the week, "it seems like the upside is limited

**Foreign Exchange**

for the dollar," said Charles Spence, director of treasury marketing at Standard Chartered Bank in New York. Currency traders watch the stock and bond markets to gauge investor interest in U.S. assets and the dollars needed to buy them.

The dollar finished in New York at 1.5602 Deutsche marks, up from 1.5566 DM on Wednesday, and at 98.775 yen, up from 98.455 yen. The dollar rose to 5.3541 French francs from 5.3405 francs and to 1.3205 Swiss francs from 1.3195.

The pound weakened to \$1.5630 from \$1.5699. The U.S. foreign exchange market was

closed Thursday for the Thanksgiving holiday, and many traders remained out of the market Friday.

"The market was anticipating stronger equity prices," said David Gilmore, a partner at Foreign Exchange Analytics, a consulting firm.

Firmer bond prices also helped, with the price of the benchmark 30-year Treasury bond rising 6/32 point, to 95 1/32. The yield slipped to 7.93 percent from 7.95 percent.

Holders of overseas equities are selling foreign currencies for dollars to lock in gains that the foreign currencies have achieved in the past several months, Mr. Spence said.

With foreign stock prices falling the past few days, U.S. fund managers want to book profits on the currency conversion to compensate for losses on the stock holdings, he said.

Next week, the dollar could fall if the governor of Arkansas and several associates of President Bill Clinton are indicted over the Whitewater business venture, Mr. Gilmore said.

Published reports have said that prosecutors are considering indicting Jim Guy Tucker, the governor of Arkansas.

**STOCKS: Cyclicals Send Signal****U.S. Stocks**

stock mutual funds, and during that stretch the Dow Industrials have tripled, from 1,200. But a lot of that money has come in during the last two years, and most of those recent buyers have little if any profit to show for it. That raises a risk that some will flee if the losses begin to mount.

Optimism about interest rates has accompanied the recent slide in stocks. Some big traders have moved money to bonds from stocks recently.

The yield on 30-year Treasury bonds peaked on Nov. 4 at 8.16 percent and has since fallen to 7.93 percent. Bond investors, reeling from bad news for most of the year, are suddenly making money.

**Stock Market Bounces**

U.S. stocks rose for the first time in more than a week, news agencies reported from New York.

John M. Templet, creator of the Templet group of mutual funds, was optimistic.

"Stocks in general will post a better return than that of other investments" over any 10-year period, so investors might as well buy them now, he said.

Although the Dow rose just under 1 percent, advancing issues outnumbered declining ones by a 3-to-1 margin. About 140 million shares changed hands on the New York Stock Exchange. The day after Thanksgiving Day is normally one of the year's slowest sessions, and the market closed three hours earlier than usual.

Some downplayed the significance of the rise, saying it did not indicate a major change of heart on the part of investors who had fled equities for bonds in recent days.

The Dow ended the week about 3 percent below the previous Friday's close.

(Bloomberg, AP)

**WORLD STOCK MARKETS****Agence France Presse Nov. 23**

**Amsterdam** Closed Prev.

Closed Prev.

Rheinmetall 262 251

Pfizer 1.18 1.20

Schering 288.50 281

GEC 4.75 4.76

Thyssen 250 244

Gen. Acc' 2.39 2.46

Unilever 250 244

Concord 1.66 1.67

Aerop 107.70 110.40

Elf 1.75 1.76

Ahola 76.20 75.00

Veba 371.37 350.00

AMVEV 72.50 72.00

Montez 1.34 1.34

PSKA 25.20 25.00

Volkswagen 451.00 452.50

Wella 100.00 99.50

Previous: 1/26/94

Previos: 1/26/94

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## FIRST COLUMN

Investing  
To Forget

**S**TOCKS for widows and orphans are supposed to have certain well-known characteristics. The corporation should be long-established and engaged, more or less, in a recession-proof business.

The stock should be quoted on a liquid market, to facilitate instant sale. And given that any stock is a risky investment, a stock for a widow or an orphan is supposed to run against the grain. It is supposed to be safe.

So forget emerging Europe as a repository for the cash of the W&O fund. However, the currency crises, the volatility of the markets and the other factors that speak against buying for the W&O fund can act as an incentive if you want to provide an investment for, say, a grandchild.

How so? Because what economists like to call the "fundamentals" of much of emerging Europe are good. It's just a question of waiting for the currencies to stabilize and for the markets to become less volatile. The best way to do that is to forget about it for 20 years and sell the fund when the grandchild comes of age.

M.B.

## Are 'Emerging Europe' Debt Markets Just for Adventurous Investors?

By Judith Rehak

**B**ULGARIAN Brady bonds. Polish Eurobonds. Debt issued in Czech koruny by the Czech Republic's phone company. If you're wondering who would want to buy debt instruments like this, the answer is a small, but growing crowd of professional investors — including mutual fund managers.

The case for buying debt in Central Europe's emerging markets, whether it is of the government or corporate type, is akin to the argument for buying U.S. "junk" bonds: high yields, deeply discounted prices or both, to compensate for uncertainty and risk.

The homework, warn the investors who deal in these markets, is complicated because the markets often have no benchmarks or liquidity. Inflation may be high, and monetary policies and politics uncertain. A vital part of the investment mentality is a conviction that the economies of these markets will improve, tempered with a keen instinct for when to get in and when to get out.

Bulgaria, for example, would hardly seem a candidate for a fund portfolio. Its economy has suffered from close links with the former Soviet Union. Inflation is running at 68 percent, privatization programs have been delayed, and economic growth this year will be zero, at best, according to a research report from New York's Chemical Bank.

Sovereign ratings assess the credit-worthiness of a government and its ability to repay its debt in a timely fashion.

## Emerging Europe

Page 15

Russia's crisis of confidence  
Slim pickings in Eastern Germany  
Page 17  
The Czech market pursues maturity  
"Pan-Emerging" Europe funds  
Poland's plunge

But two of the brightest spots in Central Europe, in the opinion of some emerging-market experts, are Poland and the Czech Republic. Although inflation in Poland is still around 30 percent, it has been coming down steadily.

The economy is growing at about 4.5 percent, and even though there is some political uncertainty, the attitude at the Central Bank and Treasury has been conservative," said Kris Bledowski, Economic Adviser for the Warsaw-based Pioneer First Polish Trust Fund.

The investment of choice for many foreign bond investors are Polish Brady bonds. And the next step in Poland's improving economic picture is the expectation that it will receive a sovereign rating in the next six months.

"That's the missing link," said Mr. Bledowski, who estimates that this stamp of approval will probably boost the price of the country's Brady bonds from about 45 cents to 60 cents on the dollar. A sovereign rating would also have a positive effect on the Polish government's launch of its first issue of dollar-denominated Eurobonds in 1995, he added.

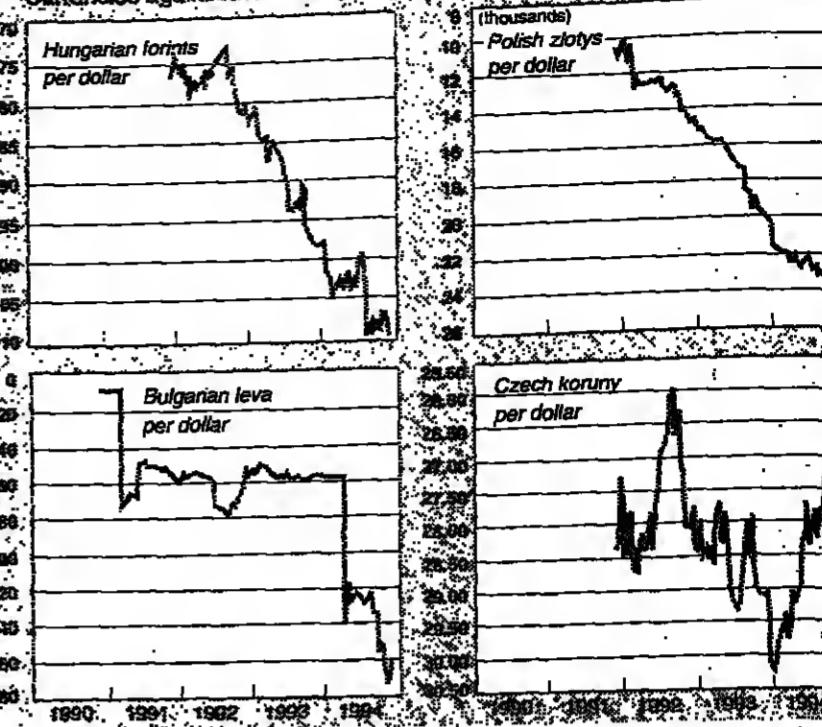
Another recent development in Poland is the nascent commercial paper market in zlotys. Rather than borrow from banks at annual interest rates of about 35 percent, the Polish subsidiaries of household names like Pepsi-Cola and Unilever successfully issued commercial paper, backed by their parent companies, at rates between 26 and 27 percent.

So far, investors have been locals, said Mr. Bledowski, but he expects the market to grow. "Foreign investment banks are now jockeying to issue commercial paper," he said. "We hope to have it like the Czech Republic, where the major companies are now issuing."

It's no surprise that Poland is looking to the Czech Republic, which is leading the way for the rest of Central Europe. With no external debt, inflation at 10 percent and falling, and a fiscally responsible government, it has the highest sovereign rating, BBB+, of all the former Eastern bloc countries, notes Peter Kysel, a director at

## Finding Their Level

Currencies against the dollar (inverse scales)



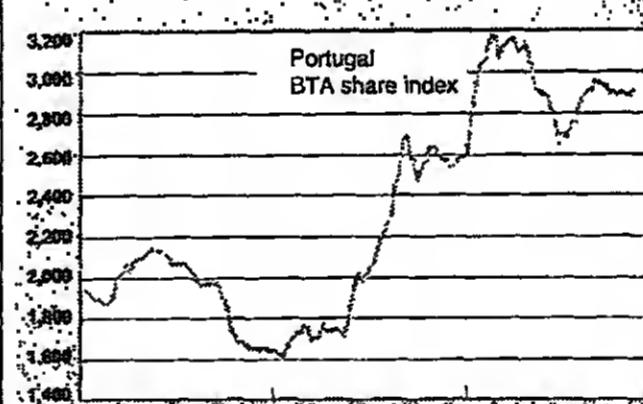
Source: Datastream

received an 8 percent gain on price. They bought the wrong instruments.

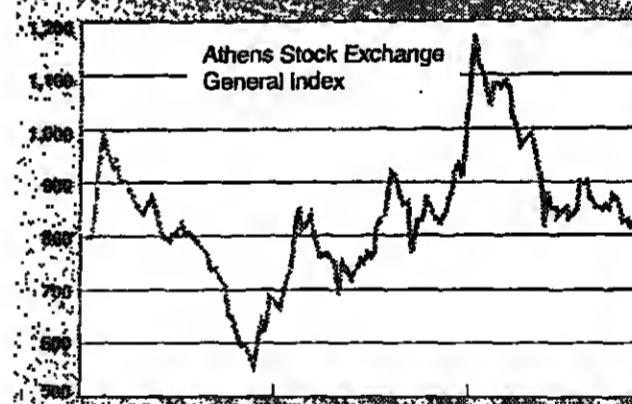
Nevertheless, local bond markets are not without their caveats. The domestic market in the Czech Republic is tiny, only \$1.7 billion, compared with \$12 billion in the equity market, and the secondary market, where bonds are bought and sold is very limited. "You must buy and hold your bonds," cautions Mr. Kysel.

Clearly, the only way for individual investors to take a stake in these markets is through a diversified emerging markets income fund, with the added warning that the ride can be a bumpy one. Three vehicles directed to U.S. investors that are beginning to buy some form of Central European debt are the Scudder Emerging Markets Income Fund, the GT Global High-Income Fund, and Fidelity's New Markets Income Fund.

The London-listed Central European Growth Fund, an investment trust, has a 14.2 percent position in fixed income from the Czech Republic, while the offshore arena offers Scudder's Sovereign High-Yield fund.



Source: Datastream



Source: Datastream

## Analysts More Bullish on Portugal Than Greece

By Christine Stopp

**P**ORTUGAL and Greece are both emerging from traumatic times of recession and high inflation. Many fund managers, however, are more optimistic about the prospects for Portugal's stock market, which is capitalized at about \$17.4 billion, than Greece's, which has a market cap of around \$13.8 billion.

Indeed, the Portuguese market has risen by about 24 percent this year while Greece's has fallen by around 11 percent.

Isabel Goiri, a fund manager at Schroder Investment Management in London, feels that the Portuguese economy has improved considerably in the last four or five years. Inflation is down from 20 percent four years ago to 4.5 percent this year, she said, and is still falling. She said she expects exports, which have led Portugal's recovery, to continue to improve during 1995 and that the country should show "healthy sustained growth through 1995 and 1996."

David Kiddie, an analyst at Lloyds Bank in London, also sees Portugal as a "very responsible country." A few years ago, he said, there were fears that investment would stop coming to Portugal after the opening up of Central and Eastern Europe. But Portugal has benefited from a steady flow of EU grants which will continue for the next few years.

While Portuguese equities are not heavily researched, the market should offer opportunities now that fears about its stability are lessening, Mr. Kiddie added. Recovery in the banking sector, since it forms such a large part of the market, would be an overall boost.

Both Mr. Kiddie and Miss Goiri like the retail sector, which is underdeveloped, and where there are companies which, according to Miss Goiri, "know the market and have the financing to benefit from growing sophistication in consumer tastes." She cited Modelo SA and Geronimo Martins as attractive retail stocks.

Janet Notis, of Foreign & Colonial Emerging Markets in London said there has been great investor interest over the last month in large-cap Portuguese stocks such as pulp and paper company Soporel SA. Also sought-after have been Sonae Investimentos, a holding company that controls a conglomerate combining paper and retail interests, and cork producer Amorim.

By contrast, said Mr. Notis, the Greek market is "stagnant," plagued by nervous investors and a government that "lacks credibility." The mutual fund industry in Greece is undergoing a period of uncertainty, he said, due to the threat of a new tax on dividends.

A large deficit and high interest rates do not represent a good environment for fi-

nancial assets and corporate profits, said Miss Goiri, but selected companies are doing well. She said some companies have expanded northward to test other markets in the Balkan region.

An example, she said, was Hellenic Bottling, holder of the Coca-Cola franchise in Greece, which has moved into Bulgaria and is also expected to move into Romania. The Bulgarian experiment is already profitable after only two or three years in operation, she said.

The company is also doing well at home, stimulated by tourist-industry sales. Mr. Notis described Hellenic Bottling as "one of the best-managed companies in the country, if not in Europe."

Both Portugal and Greece suffer from a restricted selection of stocks and poor liquidity. The overall advice from most analysts is that investors should be highly selective in choosing equities.

There are also a few funds investing in Greece and Portugal. Dorian Asset Management's Dorian Equity Fund and Schroder's Greece Fund Ltd. target Greece, as does the closed-end Greek Progress Fund, run by Ergobank and Baring Asset Management.

In Portugal, the opportunities include the Oporto Growth fund, run by Lehman Brothers Global Asset Management, the Portugal Fund, managed by BEA Associates, and Morgan Stanley's Portuguese Investment Fund.

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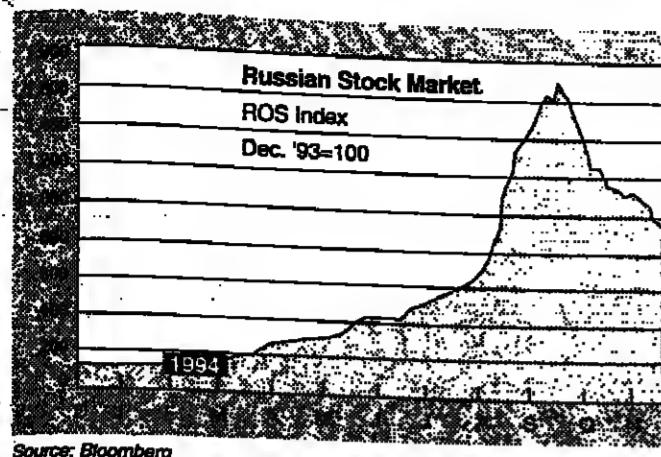
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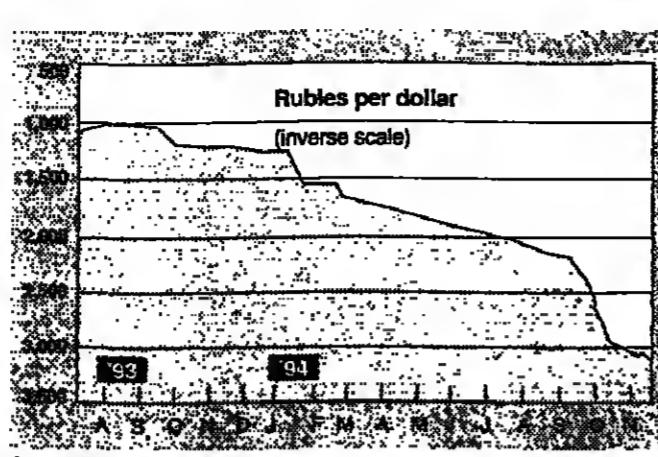
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## THE MONEY REPORT



Source: Bloomberg



Source: Bloomberg

## Fallout From Ruble's Plunge Is Hurting Confidence in Nascent Russian Market

By Iain Jenkins  
and Philip Crawford

**R**USSIA and the former Soviet republics appear to offer huge potential profits for investors. Natural resources are in abundance. Much of the population is well-educated. Labor costs are low.

The catch is that there are huge risks. Reforms have been threatened by political unrest, financial scandals, a deviating ruble, deteriorating infrastructure, and the looming shadow of the Russian mafia.

Painful blows to market reforms, moreover, have been inflicted by the crash of the ruble on Tuesday, October 11, and the political fallout that has followed it. In trading on the Moscow Interbank Currency Exchange or "Black Tuesday"—as the day has come to be known in the Russian capital—the ruble fell to 3,926 to the U.S. dollar from 3,081 at the close of the day before, a 21.5 percent decline. After six weeks of being buffeted about, the ruble is now trading at about 3,190 to the dollar.

Immediately after the crisis, Russian President Boris N. Yeltsin fired his acting finance minister, Sergei Dubinin—who had been widely perceived as pro-reform and oot culpable for the ruble's fall—and replaced him with Vladimir Panskov, a budget advisor. That move prompted the resignation of economics minister Alexander N. Shokhin.

The upshot of the disarray, say analysts, has been increased caution on the part of Western investors to enter the fray, regardless of how tempting the market's potential can be. Meanwhile, on November 8, Mr. Yeltsin signed a decree that increased state control over securities trading, a move analysts viewed as an attempt to restore the confidence of both global and domestic investors. Many of the latter were burned badly by the MMM fund scandal earlier this year.

Russian stocks seem to have sensed the confusion. The ROS index of Russian equities, compiled by the investment bank CS First Boston, has fallen from a peak of 1,706 on September 15 to around 940 this week. When the market might stabilize is anybody's guess, say analysts.

But it is precisely this uncertainty, assert some analysts, that creates opportunities for the adventurous investor. And the vehicles are there.

A number of funds targeting investment opportunities in the Commonwealth of Independent States, or CIS, as the former Soviet Union is now known, have been launched. A few Russian companies, moreover, have succeeded in getting listings on the Toronto, Sydney and Dublin stock markets. But is now the time to invest?

Richard Sobel, a director at Baring Asset Management in London, which has just launched a new CIS fund aimed at institutional investors, says: "The risks are still high. It is a difficult market to operate in. But the risks have come down and the potential returns are enormous."

Jura Ostrowsky, head of Russian investments at the Geneva-based private bank Pictet & Co., said that Russia's oil-rich regions could mature into wealthy states. "Russia could take off," he said. "Kazakhstan and Uzbekistan could be as rich as Saudi Arabia and Kuwait."

Mr. Ostrowsky said that investors—he funds, corporations or high-net-worth individuals—have a unique opportunity to buy Russian assets at very cheap levels.

But buying assets in the CIS can be difficult, say fund managers who report sometimes having to catch a plane to Siberia in order to register their shares at the company headquarters to be sure of ownership.

Tom Adshead, an analyst of Russian equities at CS First Boston in London says: "Custody and settlement issues are

the major brakes on the market. Once it has been reorganized, there will be more liquidity as foreign buyers come back and push prices up again. These days, the foreign investors have almost vanished."

Earlier this year, the lack of liquidity helped drive the market skyward. The ROS index began the year all the way back at 116 before stampeding to its 1,706 high in September. But the foreign buyers dried up and the Russian securities firms that had bought stock to sell to them were left with no buyers. The market plunged.

Not everyone, of course, is convinced that the CIS is on the road to prosperity. There are still fears that democracy will be overthrown and that anarchy will reign. Richard Watt, head of emerging markets at Gartmore Fund Managers in London, says: "Assets are certainly cheap. The question is whether or not they will ever get more expensive. It isn't a foregone conclusion."

But those bullish on Russia say that growing pains, even severe ones, will not derail the overall process of economic liberalization. "The hardliners might get back in and there might be a dictatorship," said Mr. Ostrowsky. "But you can't close the country now that it has started to open up. The process of transformation is fast and cannot be turned back now."

For those tempted by the optimistic view, several well-known fund companies—including Century in the United States, Flemings and the Framlington Group in Britain, and Regent Fund Management in Hong Kong—run vehicles targeted at the CIS.

Otherwise, the choice is to invest in CIS companies quoted in the West. However, some of these have had a roller coaster ride this year. Britech, a biotechnology company listed in Canada and Parmelia Resources, a mining company listed in Australia, have had rough years. Bula Resources, an oil company quoted in Dublin, has been among the success stories.

## Eastern Germany Offers Few Pure Plays

By Bale Netzer

**W**HEN shares in the dairy company Sachsenmilch AG appeared on the Berlin Stock Exchange early in 1992, headlines trumpeted the first public offering from the Eastern part of the newly unified Germany. The euphoria among investors, however, was short-lived.

Less than two years after they began trading, Sachsenmilch's shares had fallen 62 percent, and Deutsche Bank, which had taken the company to market, was preparing to pay more than \$20 million to buy the shares back from disappointed investors.

Today, there is only one other East German company, the Berlin-listed airline concern Berliner Spezialflug AG, quoted on any of Germany's eight stock exchanges. For investors, that means that Eastern Germany presents its own peculiar attractions and difficulties.

Currently, much of the growth in Eastern Germany stems from housing construction. But since many builders are not publicly traded, Mr. Abbink says he has sought out shares in construction-material suppliers. His funds now hold shares in insulation-manufacturer Sto AG and he recently took profits on shares in Wera AG, a maker of reinforced windows.

"Anyone familiar with the climate in Eastern Germany can understand that there is a great need for those companies' products," he said. Since selling his Wera shares, Mr. Abbink has invested in VBH Verein Baubesch Handel, which manufactures some of the parts used in Wera windows.

At the New York-based fund company Scudder, Stevens & Clark, research vice president Douglas Loeffler says that competition among construction companies in the East is so stiff that it's difficult to judge which companies seem poised for profits. He added, however, that modular home builder Kampa-Haus AG has performed well.

"Because there are tax incentives for construction in the East, there's a danger

of overbuilding, particularly in the big out-of-town shopping malls," Mr. Loeffler warned. "It's just not clear that the retail demand will be there."

**I**NDEED, although East German consumers brought a tremendous boom to many West German retailers immediately following unification, unemployment in the East currently stands at 14 percent and demand for many luxury goods has tapered off. As a result, analysts say that the best-positioned retail firms are those that offer discount or bar-gain goods to consumers.

One example is discount supermarket Spar Handels AG, which bought many of the state-run shops in East Germany in 1991 and now offers products priced to the East German consumer's budget. In addition, the West German chemical conglomerate Henkel pursued a smart strategy in tackling the Eastern market, Mr. Loeffler said.

"Henkel went in after the Wall fell and sold their detergent to all the East Germans who wanted to sample the premium western goods," he said. "But they also purchased the old East German brand and reformulated and repackaged it. That way they were still able to make money when East Germans eventually got tired of paying a premium for the Western names."

Experts warn however that many retailers who brought their wares East must now reckon with significant expansion costs. "A lot of companies went East after the Berlin Wall fell and they sold from tents and vans," said Mr. Abbink. "Now, they're in the business of investing in facilities and they've got higher costs to absorb in a year or two."

## BRIEFCASE

### A Huge New Marketplace For Europay International

The world of plastic grew a little larger this week with Europay International's announcement of its deal with the Bank of China and the People's Construction Bank of China. Both banks will acquire Europay debit transactions and will issue cards with the Maestro and Cirrus logos to an estimated 6 million Chinese consumers by the end of March 1995.

The banks will initially focus on developing Maestro acceptance at merchant locations in key cities, and will begin issuing the cards in January.

### In Guernsey and Jersey, Business Is Still Healthy

Guernsey, the offshore financial center in the English Channel, attracted 10 new mutual funds in the quarter ended September 30. Assets held in the more than 300 funds under management fell by less than 0.5 percent to £11.9 billion (\$18.8 billion).

Jersey, Guernsey's main offshore rival among the Channel Islands, recorded a rise of 5 percent in bank deposits during the same period. Jersey is home to more than £22.2 billion in deposits.

### CFOs Not Keeping Tabs On Expatriate Assignments

International executive assignments tend to favor cost containment, according to the Wisconsin-based relocation consultancy Runzheimer International. Only 2 percent of U.S. expatriate assignments are overseen by financial officers, it says.

*In next week's Money Report: A look at speculative investing.*

*The Money Report is edited by Martin Baker*



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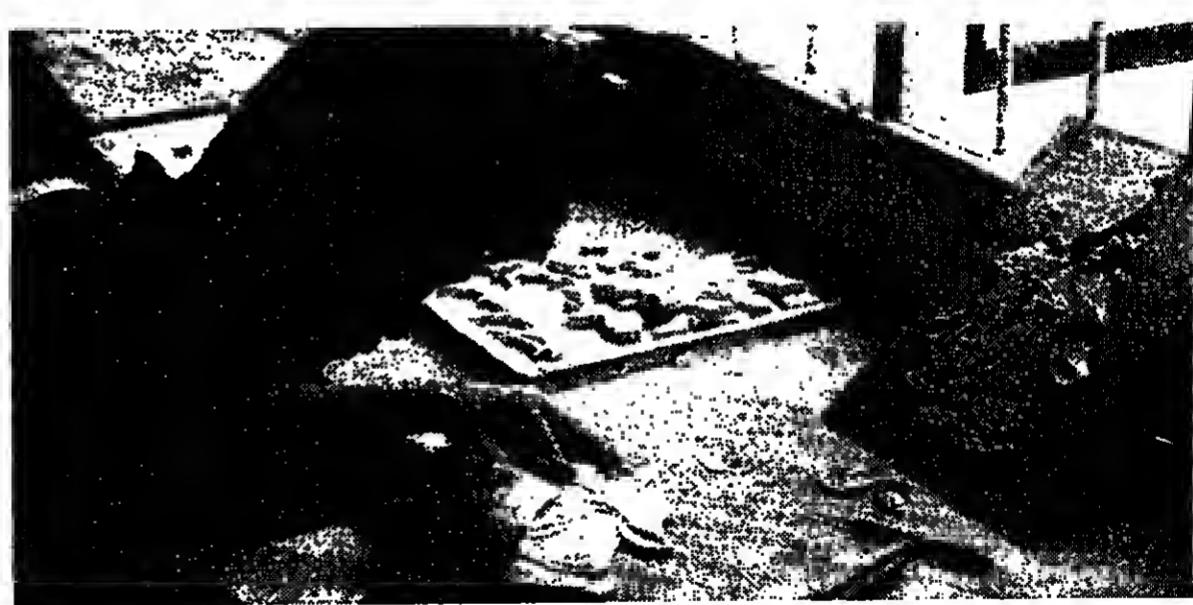
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## THE MONEY REPORT

## As Privatization Phase Ends, Prague Market Is Maturing

By Philip Crawford

**W**ITH the massive project of privatizing all sectors of its formerly state-controlled economy nearing completion, the Czech Republic appears poised to enter the final phase of its rapid transition to a free-market system: gradual integration into the global investment mainstream.

Many hurdles seem sure to inhibit the process. The Czech infrastructure, for one, lags far behind those of major, developed markets. Settlement procedures, while vastly improved over a year ago, can still be dicey. Perhaps most important, the Czech koruna remains nonconvertible. And a recent bribery scandal involving a top privatization official hasn't helped global investors' confidence in the market.

But many analysts of Central Europe maintain that reasons to invest in the Czech Republic are plentiful, particularly when viewed over a long-term horizon. Domestic output is rising while inflation is falling. Direct foreign investment, an estimated \$2.7 billion of which has flowed into the country since 1990, continues at a lively pace. President Vaclav Havel's government remains committed to economic liberalization.

"We're definitely bullish on the Czech Republic over a five- to 10-year period," said Richard Wood of Wood & Co., a major equity brokerage in Prague that serves mainly institutional clients.

There are basically two ways for foreign individual investors to gain exposure to the Czech market. One is by purchasing single equities that are listed on the Prague Stock Exchange, or PSE. Most major international brokers can now handle such transactions.

## Warsaw Bourse Weathering Plunge

By Digby Larmer

**I**NVESTORS who entered Poland's equity market at the beginning of 1993 probably wished that capitalism had arrived in the country sooner. In 1993, Warsaw had one of the world's best-performing stock markets.

As the year ended, the Polish bourse had gained over 1,000 percent in local currency terms and 875 percent when measured in U.S. dollars.

Apart from easily outperforming its East European rivals, the Warsaw stock index also did better than either the Latin American or Asian markets — two favored choices for emerging-market investors.

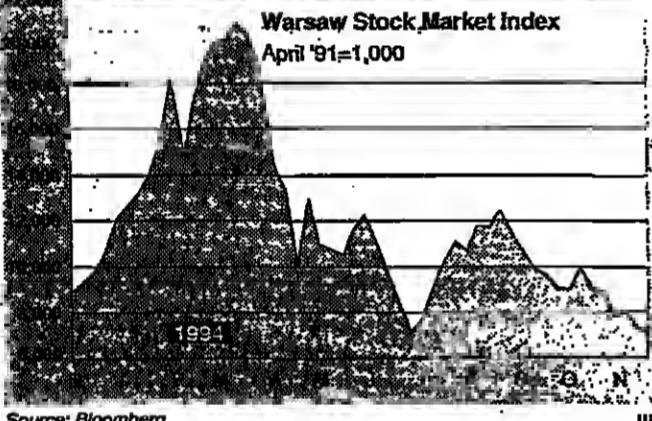
Those who benefited most from the bull run were the thousands of ordinary Polish citizens who had queued for hours to hand over their hard-earned Zlotys in exchange for shares at each new issue.

But like all bull markets, Poland's was bound to end. And in true emerging-market fashion, the fall was as dramatic as the rise.

Between March and June of this year, two bouts of panic selling brought Warsaw's WIG index from a peak of 20,000 basic points to less than 8,000. Since then, the market has picked up a little but remains fairly stable.

Many analysts agree on what lay behind the initial downturn. Scott Delman, a director at Foreign & Colonial Emerging Markets, the London-based fund company, said one reason was the decision by several institutions to move their money elsewhere once they felt the market had climbed as high as it could.

"Foreign institutions that had become involved in Poland last year, largely on a speculative basis, withdrew their capital hoping to get better returns farther East," he said.



Source: Bloomberg

April 93=1,000

1993 1994

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# SPORTS

## Look for North Carolina to Win This Season's College Title

*With the U.S. college basketball season set to get fully underway, these are the top 20 teams, and the reasons why, as rated by The New York Times:*

1. NORTH CAROLINA — The 1993 national champions were the near-consensus preseason No. 1 last fall but failed to advance to the "Sweet 16" — the NCAA championship tournament's quarterfinals — for the first time in 13 seasons. Now, senior Donald Williams is again healthy and Jerry Stackhouse, Rasheed Wallace and the rest of stellar recruiting class of 1993 are a year older with something to prove.

2. ARKANSAS — The defending national champions return all five starters and their top seven scorers. Corliss Williamson, most valuable player of the Final Four, and Scotty Thurman are the main guns, with Corey Beck once again running the show from the point for the Razorbacks. Almost everybody's No. 1, though, which is often a jinx.

3. MASSACHUSETTS — The Minutemen return all five starters from a team that won 28 games. Lou Roe and Marcus Camby help form

perhaps the best frontcourt in the East. Mike Williams and Derek Kellogg are one of the finest backcourt tandems in the nation. But UMass has been upset in the second round of the NCAA tournament the past two seasons, and the team is reeling from an off-season academic scandal.

4. UCLA — The Bruins are still looking for their first national title in the post-John Wooden era. This could be the year, although Jim Harick's teams have a reputation for choking come March and tournament time (UCLA was drummed out in last year's first round by Tulsa). The 6-8 senior Ed O'Bannon is an early candidate for player-of-the-year honors; his little brother Charles (6-7) had an outstanding freshman season a year ago.

5. KENTUCKY — Rick Pitino's mad bombers will be firing away once again. Tony Delk and Rodrick Rhodes leading the way. Andre Miller and Mark Pope, a transfer from Washington, will be forces in the middle. But the Wildcats have not

won it all since Jack (Goose) Givens scored 41 in the final in 1978.

6. MICHIGAN — Jimmy King and Ray Jackson are all who remain from the Fab Five. But watch out for the Frosh Five: Jeron Ward, Willie Mitchell, Maurice Taylor, Macco Boston and Travis Conlan.

7. MARYLAND — Joe Smith: an ordinary name for an extraordinary player. The 6-10, 213-pound center averaged 19.4 points, an Atlantic Coast Conference-best 10.7 rebounds and 3.1 blocks a game en route to freshman-of-the-year honors. And the four other Terrapin starters return off a Sweet 16 team.

8. WISCONSIN — The Badgers made the tournament for the first time since 1947, then nearly lost 6-11 center Rashard Griffith, who was disgruntled over his role. Stu Jackson convinced the talented sophomore to stay, then left himself to become general manager of the new Vancouver franchise in the NBA. But the real key for the new coach, Stan Van Gundy, is 6-6 swingman Michael Finley, who could be the best player in the Big Ten.

9. SYRACUSE — The Orangemen will put up the points. But can they stop anybody? Syracuse, which has won 20 or more games the last dozen seasons, lost only Adrian (Red) Autry from its starting five. Lawrence Moten will probably break Derrick Coleman's school record for career points. John Wallace has improved down low, and Michael Lloyd, the junior college All-American transfer, will play the point.

10. ARIZONA — The Wildcats, who lost a close game to Arkansas in the national semifinals, will miss Khalid Reeves more than most people think. Senior guard Damon Stoudamire will challenge UCLA's Ed O'Bannon for Pac-10 player-of-the-year honors, however, and three other returning starters, a splendid recruiting class and Ben Davis, the 6-8, 254-pound junior-college transfer, should make Lute Olson's team a strong contender for the league title.

11. ALABAMA — They play basketball here, too. The Tide returns five starters (three full time, two part time) from a squad that went 15-4 down the stretch last season, losing

only to Kentucky, Arkansas, Florida and Purdue — four of the best teams in the nation. Senior Jamal Faulkner averaged 13.5 points his first year after transferring from Arizona State and is ready to blossom into a star.

12. VIRGINIA — The gang that couldn't shoot straight gets its best player back: Cory Alexander, whose season was ended by injury 11 minutes into the Cavs' opener last fall, averaged 18.8 points a game two years ago. Healthy now, Alexander returns to lead a squad that lost only one major contributor, Cornel Parker. Virginia shot just 38.7 percent from the floor, but the Cavs are quick and play stifling defense.

13. CONNECTICUT — Had Donyell Marshall not left for the NBA a season early, the Huskies might have been everybody's No. 1.

Instead, they need to replace his 25.1

points and 8.9 rebounds a game.

Look for the sophomores Ray Allen

and Doron Sheffer to pick up the slack on the perimeter, along with the team's emotional leader, 6-6 senior Donny Marshall (no relation) inside.

14. CINCINNATI — The Bearcats can go two deep at every position, which is something the rest of the Great Midwest does not want to hear. LaZelle Durden, Damon Flint and Keith LeeGree, a transfer from Louisville, form the backcourt nucleus of a team that loves to press. Don Antonio Wingfield opted for the pros after only one year, but 6-9, 235-pound Daniel Fortson should step right in and produce immediately.

15. DUKE — Seven Final Fours in nine seasons: Coach K always has the Blue Devils ready come tournament time. But Mike Krzyzewski, who almost jumped to the NBA between seasons, has a young squad. And, can Cherokee Parks take command in front of the Cameron Crazies as Johnny Dawkins, Danny Ferry, Christian Laettner, Bobby Hurley and Grant Hill did before him?

16. MICHIGAN STATE — After 18 seasons with the Spartans, including a national championship with Magic Johnson, Jud Heathcote thought about retiring but decided to stick around for Shawn Respert's senior year. The 6-3 Respert, who could have gone pro, was second in the Big Ten in scoring (24.3 points a game) to Glenn Robinson, the top pick in the NBA draft. Respert and Eric Snow, who led the conference in assists (6.7), form the best backcourt in the league, maybe the nation.

17. WAKE FOREST — The nation's best-kept secret lives in Winston-Salem, North Carolina, and plays for the Demon Deacons. That would be 6-2 guard Randolph Childress, who averaged 19.6 points a year ago, loves to shoot the 3-pointer, comes through in the clutch and could be the best player in the ACC. The 6-10 sophomore Tim Duncan of the Virgin Islands was the second-best freshman in the league last season behind Joe Smith. Dave Odum almost lost his job over the summer, but the Deacons were hit with only light sanctions for recruiting violations.

18. VILLANOVA — Kerry and the Cats started to the National Invitation Tournament title after being picked to finish last in the Big East a year ago. Steve Lappas loves to run multiple-screens for the silky smooth Kittles, a 6-5 junior who averaged just under 20 points per game last season. The 6-11 sophomore Jason Lawson is improving, and Chuck Kornegay, a 6-9 North Carolina State transfer, will add bulk when he becomes eligible in the second semester. It is not too farfetched to predict Kittles will be the conference player of the year as he leads the Wildcats to a surprise Big East title.

19. KANSAS — Roy Williams has an extremely young squad led by 7-2 senior Greg Ostertag. In the backcourt, sophomore point guard Jacque Vaughn will be joined by Jerod Haase, a transfer from Cal. The Jayhawks also landed one of the top big-man recruits in the country, 6-11 Raef LaFrentz.

20. INDIANA — Irrepressible and outrageous, Bob Knight will be the first to note how young his team is. That is, if he isn't kicking a chair. The 6-9 senior Alan Henderson heads a strong inside game that will feature 6-8 freshman Andre Patterson, who has all the makings of a future force. But the backcourt has numerous questions, especially since sophomore Sheron Wilkerson will probably be redshirted. Knight will keep it lively, regardless.

### Gretzky Sets 6 Games in Scandinavia

Compiled by Our Staff From Dispatches

HELSINKI — Wayne Gretzky and several other leading lights of the National Hockey League will tour Nordic countries next month to play local teams.

"Wayne Gretzky and Friends," as the tour group is being called, will play the reigning Finnish club champion Jokerit on Dec. 3, and the club team lives in the town of Tampere on Dec. 4 before going to Oslo and then Gothenburg, Stockholm and Malmo in Sweden.

Detail of the last four games were still being worked out, and may depend on whether the NHL's labor conflict is resolved in the next two weeks.

"My loyalty is torn, but it is safe to say there will be absolutely no agreement reached before Dec. 3," Gretzky said by telephone. "My own guess is Dec. 15. The first two games are a 100 percent safe."

In Boston, talks between NHL officials and locked-out players were to be resumed Friday, after a break for the Thanksgiving holiday, amid hopes a settlement could be reached in time to salvage the season.

Players in Gretzky's team include the Buffalo Sabres' goaltender Grant Fuhr, the New York Rangers' defender Brian Leetch, Detroit's Sergei Fedorov and Steve Yzerman, Mark Messier of the New York Rangers, and Brett Hull of St. Louis.

Finnish star Jari Kurri, who plays alongside Gretzky for the Los Angeles Kings but is now playing for Jokerit because of the lockout, will probably play for Gretzky's team in the game on Dec. 3.

Gretzky, Kurri and Messier were the high-profile stars for the Edmonton Oilers' Stanley Cup-winning teams of the last decade, and the duo of Gretzky and Kurri is the highest-scoring in NHL history.

Gretzky also said he'd like to play in next year's world championships in Sweden if he has no NHL commitments, and the 1998 Olympics in Japan.

"I'd love to play the world championships," he said. "The last time I had such a hard and long season, but this time it will be no problem at all for me. The IIHF has been so nice to me" helping with tour arrangements "so I would not let them down."

### SIDELINES

#### Dutch Soccer Team Gets New Coach

AMSTERDAM (AP) — Dick Advocaat is quitting as national soccer coach to take on the task of reviving former European champion PSV Eindhoven, the national federation said Friday.

Guus Hiddink, PSV's coach when it won the European Cup in 1988, will become national coach Jan. 1 with a contract running until the European Championship finals in England in 1996.

"The question was, who is free" to coach, said a federation spokesman, Ger Stolk. "Hiddink had all the qualifications but he was also a free man."

#### England's FA to Hire Guiding Light

LONDON (Reuters) — The Football Association announced Friday it intended to appoint a technical director to take overall control of the English game.

Described by the FA's chief executive, Graham Kelly, as someone "who by reputation is capable of leading the game," the appointee is expected to be named within the next 18 months.

He is to have a free hand to direct the future of English soccer, but will have no say in the selection or tactics of the national side.

#### IAAF Plans Major Drug Rule Changes

LONDON (AP) — The IAAF is planning a new anti-drug campaign that includes increased testing of big-name athletes and immediate suspensions after a first positive sample, the governing body's top doping official, Arne Ljungqvist of Sweden, said Friday.

The IAAF is expected to adopt the proposals at its three-day council meeting that starts Sunday in Barcelona, Ljungqvist said.

#### For the Record

South Africa will host the 1996 African Nations Cup final; the original host, Kenya, withdrew for financial reasons. (AP)

The West Indies-India cricket match Saturday in Calicut has been canceled because of a general strike called by opposition communist parties. (Reuters)

See our Education Directory every Tuesday

### SCOREBOARD

#### NBA Standings

NORTHWEST DIVISION			CENTRAL DIVISION			SOUTHEAST DIVISION					
Team	W	L	Pct.	Team	W	L	Pct.	Team	W	L	Pct.
Orlando	7	2	.776	Golden State	38	18	.694	Seattle	5	5	.500
New York	6	3	.667	Indiana	27	23	.526	Kansas City	7	4	.636
Boston	5	3	.588	G-Hawks	27	24	.520	LA Raiders	6	3	.645
Washington	4	4	.500	Spurs	25	26	.481	Denver	5	6	.455
New Jersey	3	7	.308	Doers	24	28	.444	Seattle	4	7	.364
Philadelphia	2	7	.222	Golden State	35	(Götting 7), Indiana	.514				
Miami	—			53 (Adams 10), Atlanta 10, Assists 10, Rebounds 25							
Central Division	6	3	.667								
Indiana	6	4	.588								
Detroit	5	5	.500								
Milwaukee	5	5	.500								
Cleveland	5	5	.500								
Charlotte	5	5	.500								
Atlanta	4	6	.400								
	7	7	.333								

#### WESTERN CONFERENCE

MIDWEST DIVISION			PACIFIC DIVISION				
Team	W	L	Pct.	Team	W	L	Pct.
Houston	7	2	.816	Golden State	20	18	.520
Denver	6	3	.667	Phoenix	7	3	.700
San Antonio	5	4	.556	Pittsburgh	8	3	.727
Utah	5	4	.545	Portland	2	9	.400
Dallas	4	5	.455	Los Angeles	5	5	.500
Minnesota	1	10	.391				

#### AMERICAN CONFERENCE

EAST
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DAVE BARRY

## Read This, You Twerps

**M**IAMI — Here in the newspaper industry, we are seriously worried. Newspaper readership is declining like crazy. In fact, there's a good chance that nobody is reading this column. I could write a pornographic sex scene here and nobody would notice.

"Oh, Dirk," moaned Camille as she writhed nakedly on the bed. "Yes, yes yes YES YES YES YES YES YESSSSSSS!" "Wait up!" shouted Dirk. "I'm still in the bathroom!" It was not always this way. There was a time in America when everybody read newspapers. Today, most people do not. What caused this change?

Certainly one factor is that many people now get their news from TV. This is unfortunate. I do not mean to be critical of TV news people, who do a superb job, considering that they operate under severe time constraints and have the intellectual depth of hamsters. But TV news can only present the "bare bones" of a story; it takes a newspaper, with its capability to present vast amounts of information, to render the story truly boring.

But if we want to identify the "root cause" of the decline in newspaper readership, I believe we have to point to the decision by many newspapers to stop running the comic strip "Henry." Remember Henry? The bald boy who looks like Dwight Eisenhower? I believe that readers liked "Henry" because, in times of change and uncertainty, it always had the same plot:

**PANEL ONE:** Henry is walking along the street. He is wearing shorts, even if it is winter.

**PANEL TWO:** Suddenly, Henry spies an object. You can tell he's spying it, because a dotted line is going from his eyeball to the object. Often the object is a pie cooling on a windowsill.

**PANEL THREE:** Henry eats the pie.

**PANEL FOUR:** The woman who baked it comes to the window.

Knight-Ridder Newspapers

## The 'Rustproof' Candidate for the French Presidency

International Herald Tribune

**P**ARIS — While the putative major runners in this spring's French presidential elections executed a pussyfooting pavane, one candidate stepped forward early. Asked during a radio interview last month whether she would be a candidate, Arlette Laguiller replied, "évidemment," or obviously. It is her fourth try.

Arlette Laguiller, the rustproof, as Le Monde calls her, candidate of Lutte Ouvrière, will have a score of 3 percent in the first round of the

## MARY BLUME

election, according to a poll in the conservative magazine Le Point. This is only about one-tenth of the major, if undeclared, contestants, Edouard Balladur and Jacques Delors, but it is still an estimated 1 million votes. Not bad for a Trotskyite office worker who preaches revolution, believes the profit motive to be inherently evil, and who considers elections more an obstacle than an instrument of change.

A dangerous woman? Apparently not at all. At her best, with her simplicity and concern about social issues ("the other candidates talk about them every seven years when the elections come up. I talk about them all the time"), she can come across as a breath of fresh air amid the windy discourse of politicians in gray suits.

The French do not love their politicians, clever though they are, but they are clearly — though maybe patronizingly — affectionate to Arlette as she is always called. It is impossible to imagine people speaking of François or Jacques or Edouard. "I think it is affection or the fact that people think me accessible," she says. "People who don't like me don't call me Arlette."

• "Maybe one of these days, you should look in the mirror, Dave. Dave, you need a new hairstyle, man! You have a puffout, Dave."

• "Without hair I think every guy in the world would just die of imbarassment. I know I would."

• "You say that I don't know anything about Davy Crockett. Well I no that he fought at the Alamo. He also played in several movies."

Let me just say that we in the newspaper industry totally agree with you young people on these points and any other points you wish to make, and if you will please please PLEASE start reading the newspaper we'll be your best friend, O.K.? O.K.? Young people? Hello?

You're not even reading this, you little twerps.

Knight-Ridder Newspapers



ideas influenced the French Revolution although he didn't live to see it."

In the present state of unease about unemployment and corruption in French business and politics, Arlette has chosen as a central issue to argue that corporations should be obliged to open their books to the public so that claims that firings are economically necessary can be investigated: "They can fork out for bribes, why not for salaries?" the party newspaper asks.

She doubts that she will recommend a second-round switch to the Socialist candidate this spring, having counseled abstention in the last two elections and only advised a vote for François Mitterrand in 1974 after warning voters of his cloudy past. "We were saying we have no illusions but we are willing to make the experiment with you." Like many, she feels the experiment turned out badly.

Arlette's first candidacy in 1974 followed her successful involvement in a bank employees' strike that year, which in turn followed the fugitive joys of the mini-uprising of 1968. She began militating in 1960, for Algerian independence, and when she ran for president in 1974 Le Figaro insultingly advised her to stick to her typewriter and remember her place.

Lutte Ouvrière is one of three French Trotskyite parties. This may be Arlette Laguiller's fourth election but she seems startled when asked if she actually wants to be president.

"Do you mean would I accept if there was a revolution? Of course, but I don't think I'll be chosen unless the masses express their will other than in the voting booth. I can't see Lutte Ouvrière being at the head of the country and the bourgeoisie allowing it to happen. I may be a candidate but I know perfectly well that it's not the elections that will change the country."

Then why bother running? "To address a wider public — elections have a different resonance than the militants' daily grind — and to show that there are people who want change, even if they know an election won't bring it." I am afraid our party will fade away but I do think we should have a word in the debate in order to show resistance, small perhaps but the rivers come from small streams. Everyone knows that."

Comes the revolution and the dictatorship of the proletariat, the workers of the world will unite and the former members of the ruling classes will, it is a consoling thought, not necessarily lose their political rights. But right now the river isn't a stream and certainly not a freshet. Does Arlette have a personal motto? Yes, she does: "Tenez bon," she says. Hang on.

## WEATHER

## Europe

